Export driven competitiveness in Europa and Central Asia

Understanding competitiveness concept to increase export

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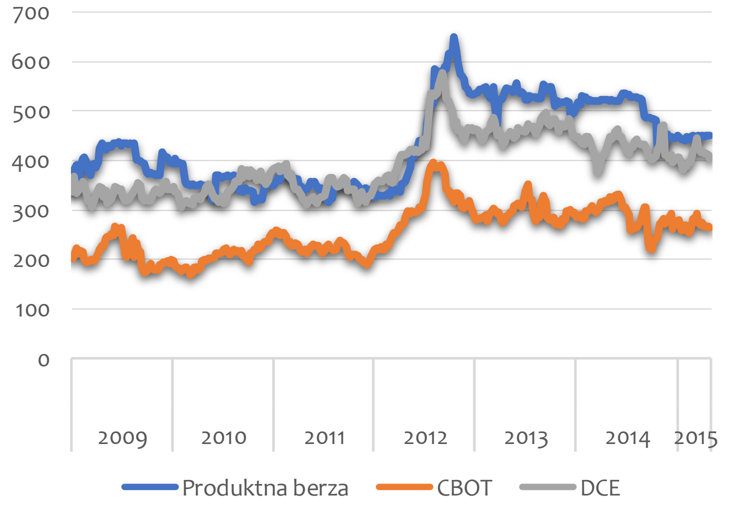
June 2017, IAMO, Hale

World Competitiveness

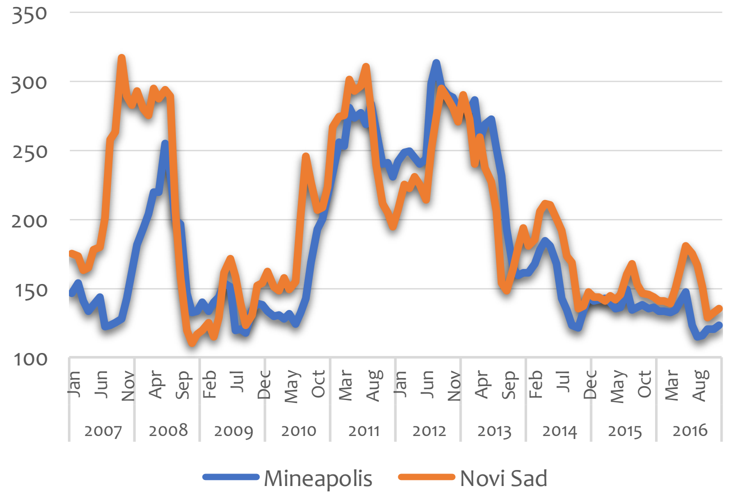
Agriculture is more integrated and competitive but still there is no country without agriculture

- **The world has become a more global.** Processes and changes in one part of the world, now don't have exclusively local effect, but also on places and processes far from that part of the world.
- **Global competitiveness distribution**. We live in a global world and in such environment real competitiveness advantages of countries in specific areas of production are becoming more and more obvious.
- Countries are **becoming increasingly integrated**, so regardless of how much the country as a whole, or a certain region or a particular municipality may be specific, it is impossible for its agricultural production, trade and prices to be unaffected by the global and regional trends.
- However, there are **reasons why food will continue to be produced throughout the world**, the most important of which are:
    - *Distribution of competitiveness among states does not entirely correspond to relation between certain producers (it doesn't mean that the worst Dutch producer is better than a good producer from Serbia);*
    - *More competitive countries can never produce everything;*
    - *There is considerable production for own consumption which does not include personal work in the product price;*
    - *Lower expectations of producers from less competitive countries;*
    - *Preference for local markets and local products;*
    - *Many perishable products are not easy transportable*
    - *Different trade barriers like transport cost, tariffs,*

Soybean prices in China, Serbia and USA

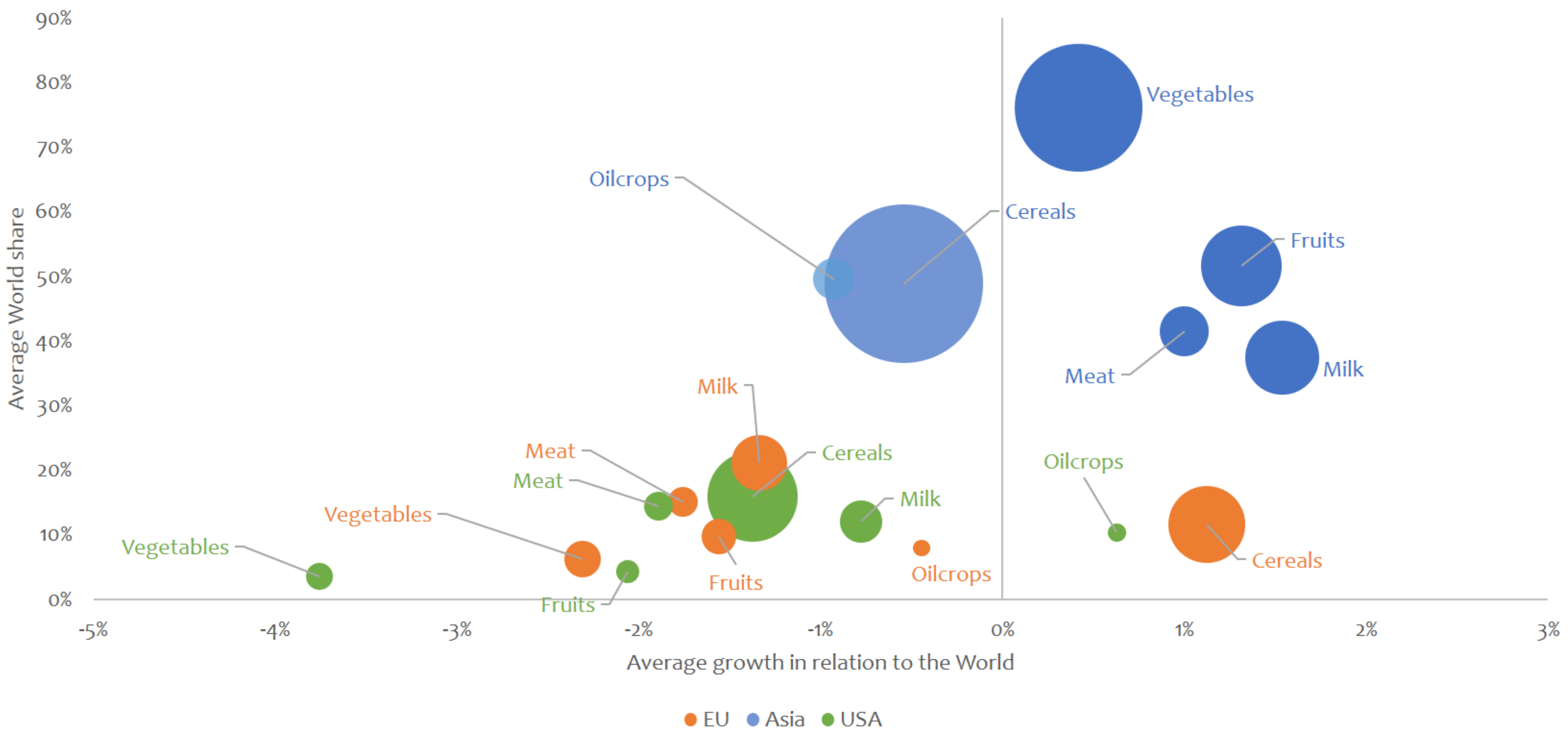


Maize price USA and Serbia



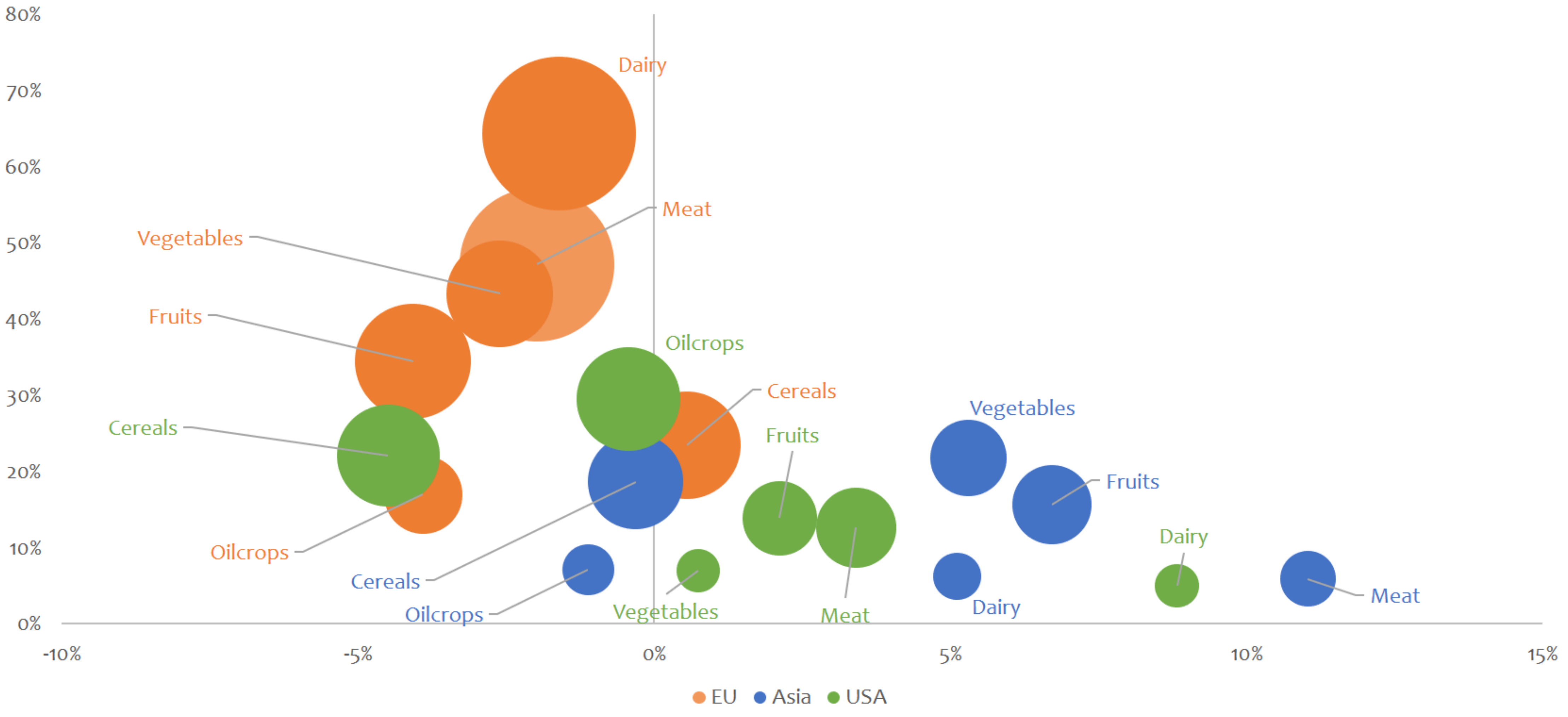
Asia is driving world agriculture in production terms

World share and production growth in relation to the World (2007 – 2014)



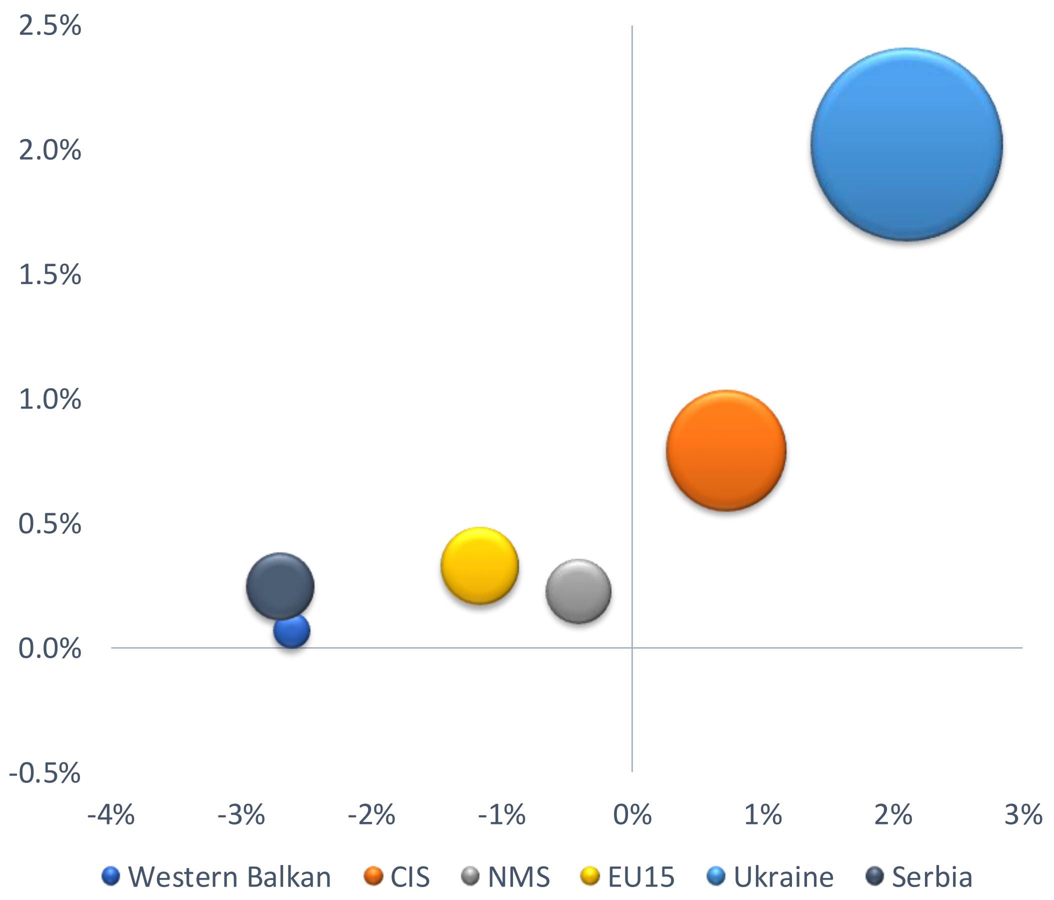
Europe is driving World trade of agricultural products but lacking behind World trends

World share and export growth in relation to the World (2007 – 2015)

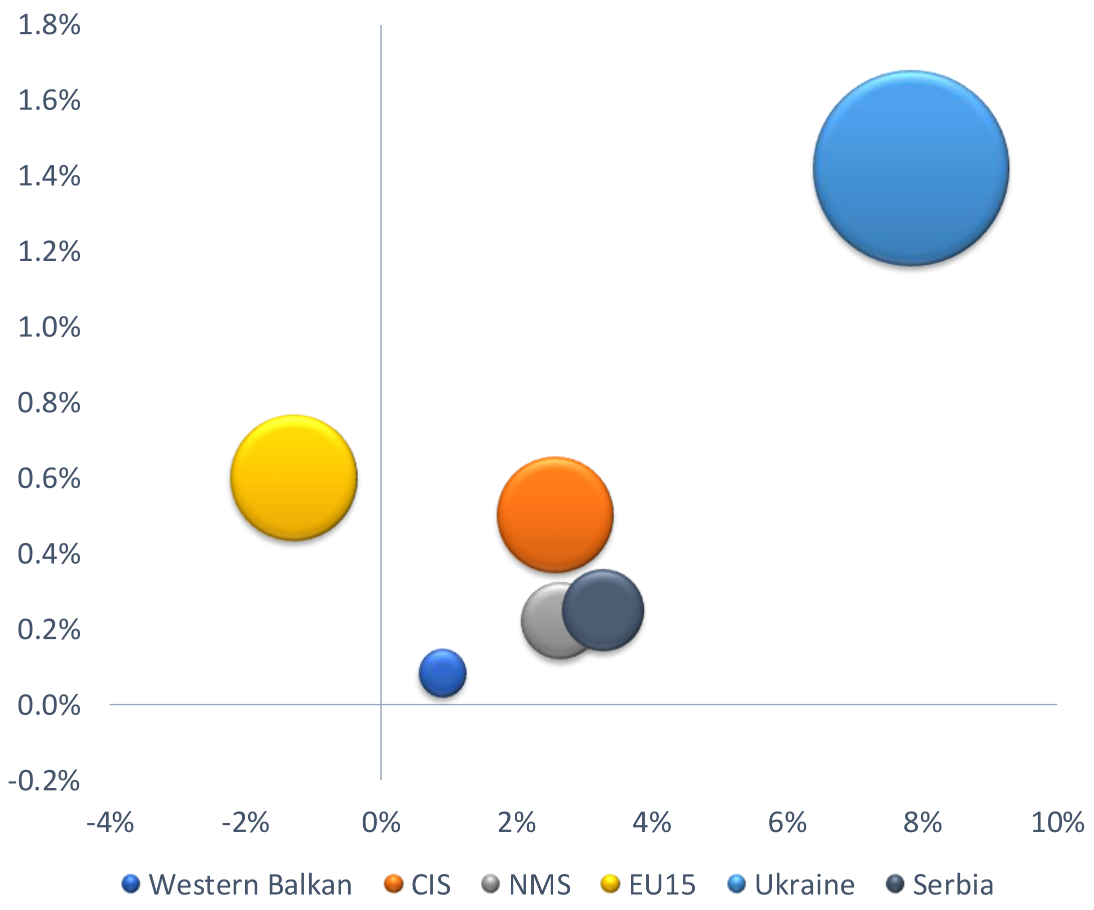


Production Growth Base

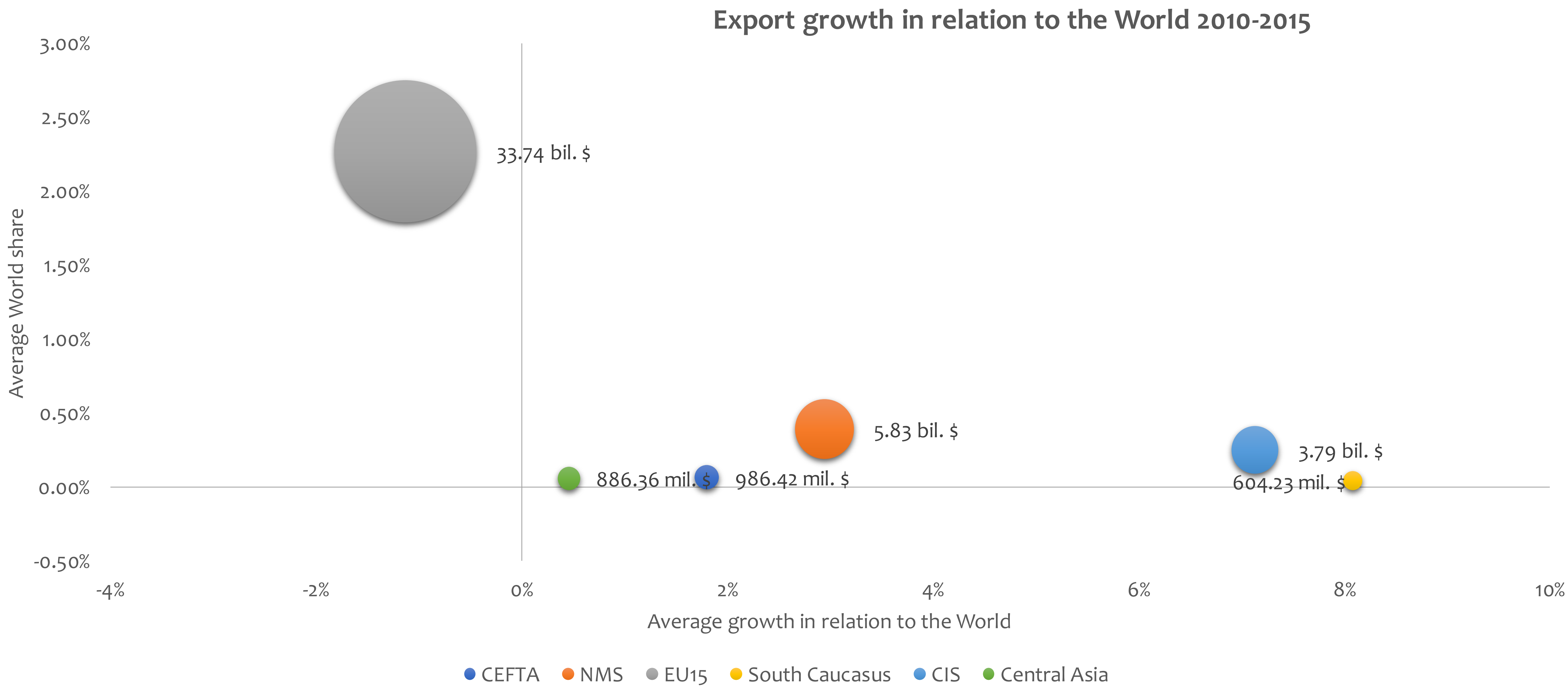
Area harvested 2007-2014



Trend of production related to World 2007-2014

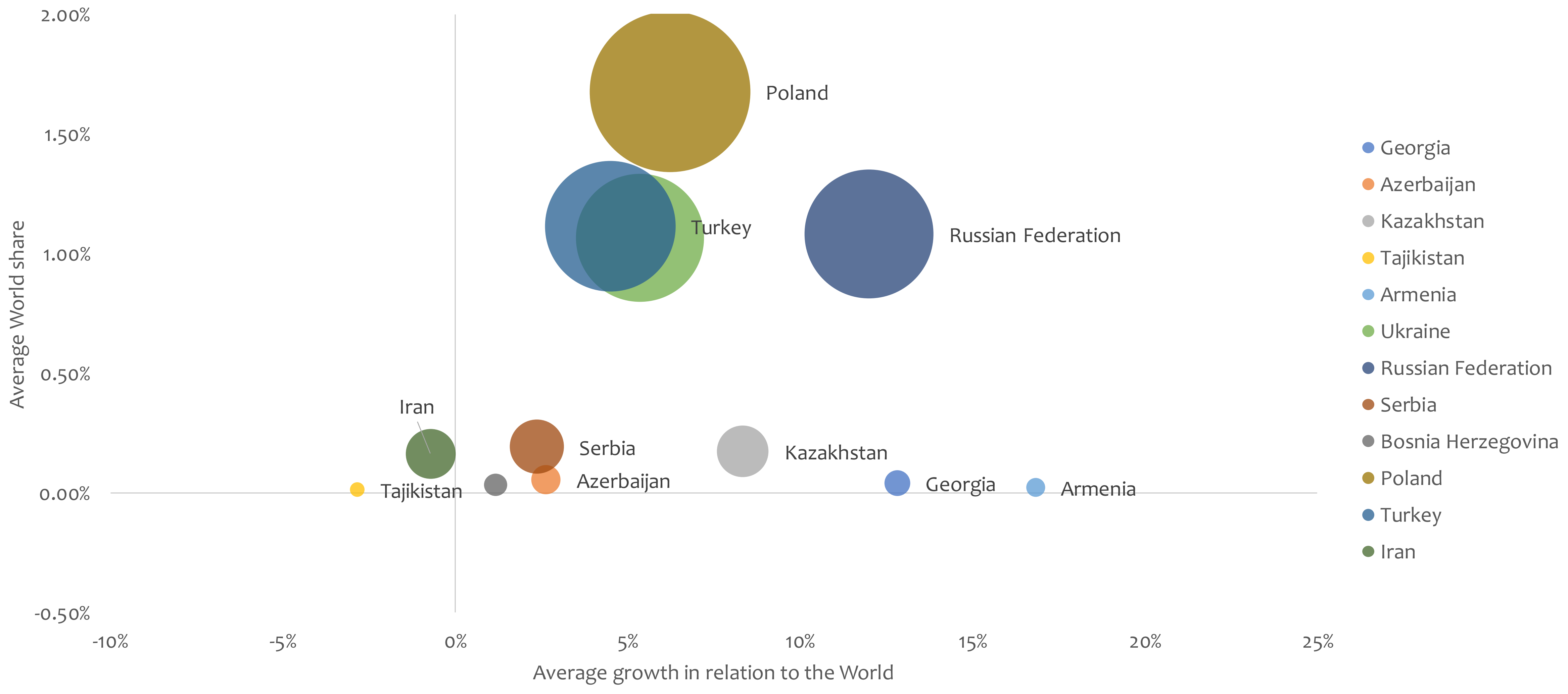


Export Growth



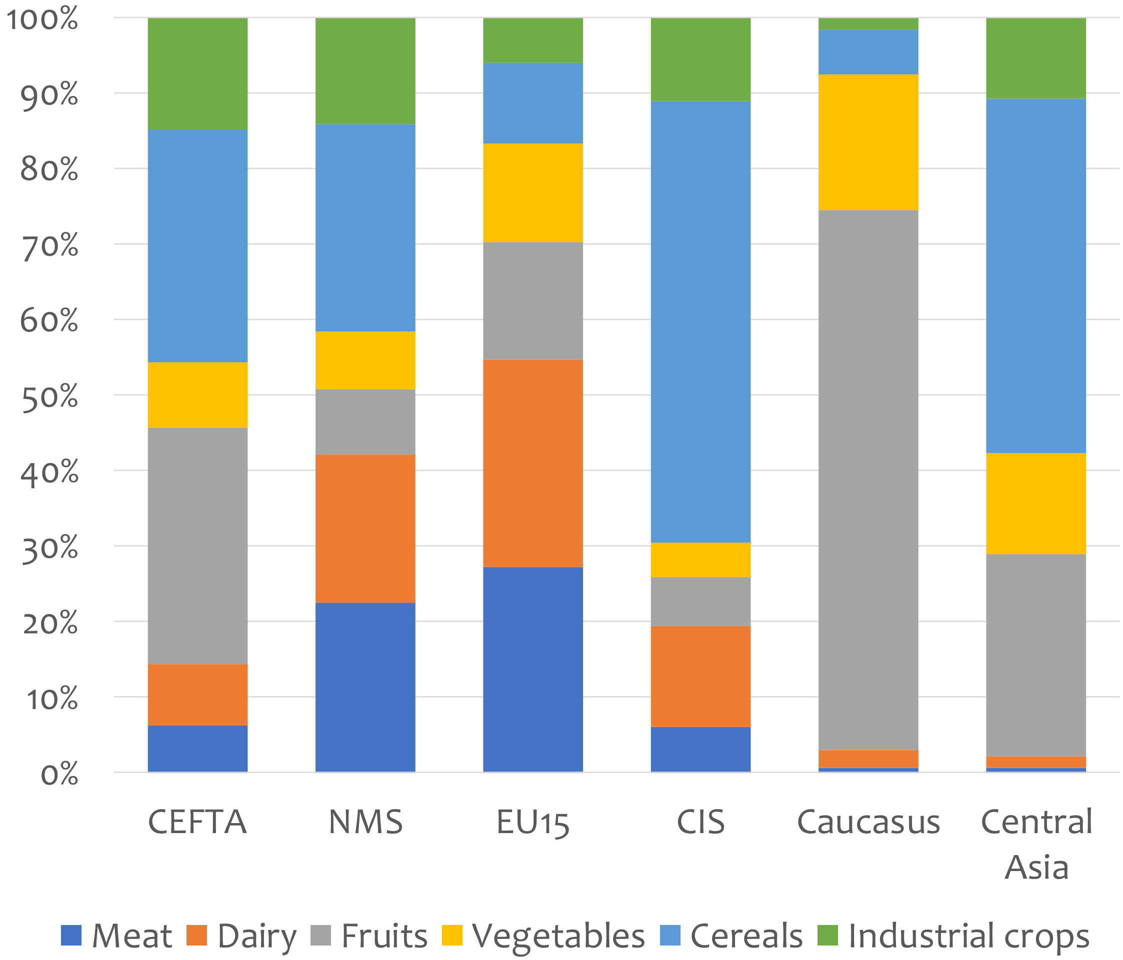
Export Growth

Export trends in selected countries (2010-2015)

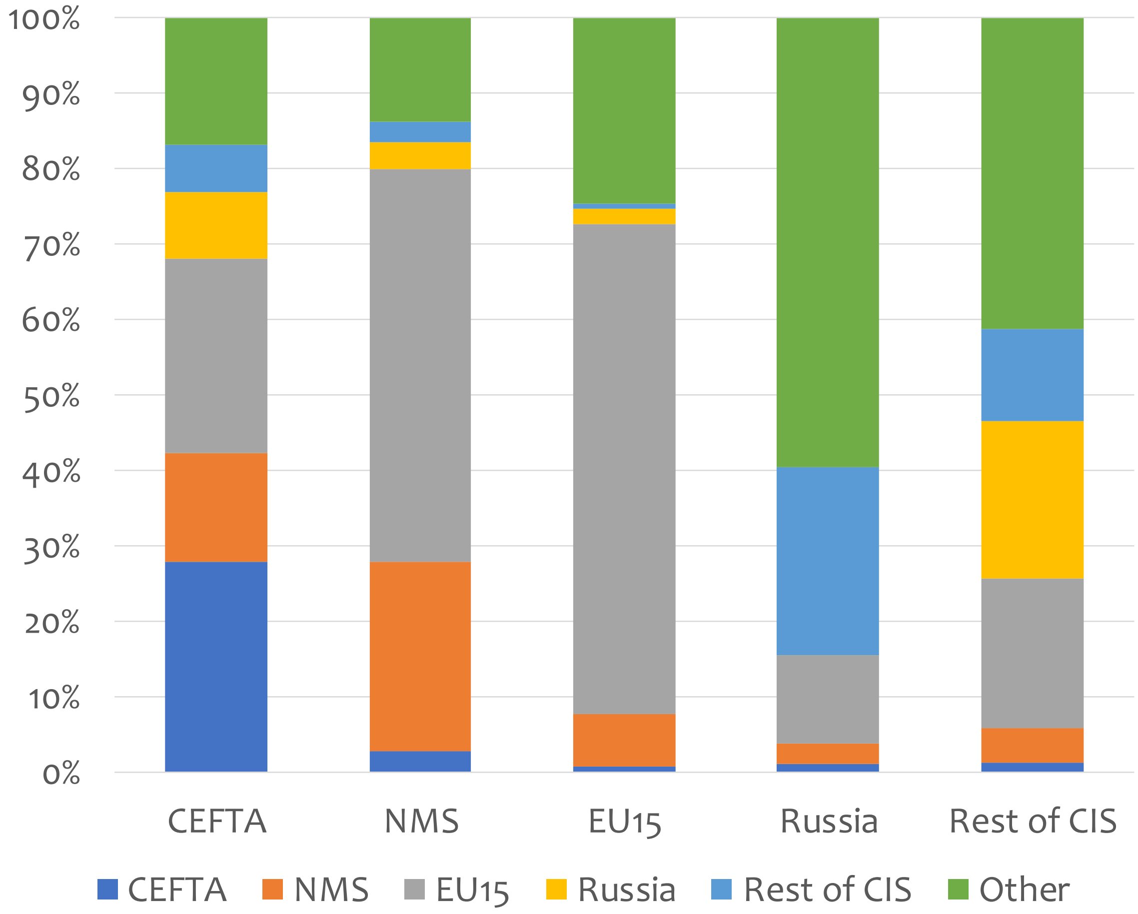


Export structure and destination will change

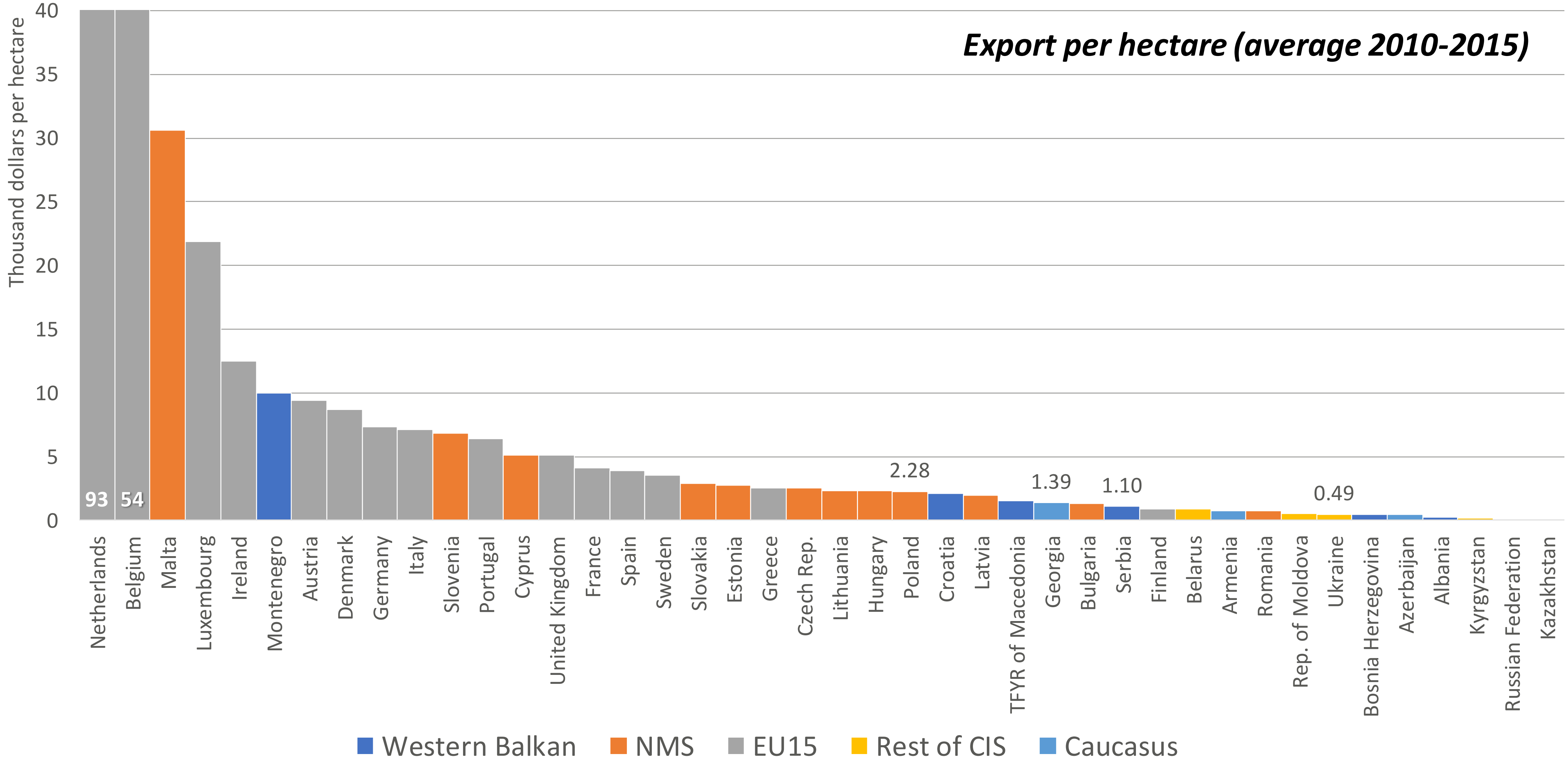
Export structure (average 2010-2015)



Export destinations (average 2010-2015)



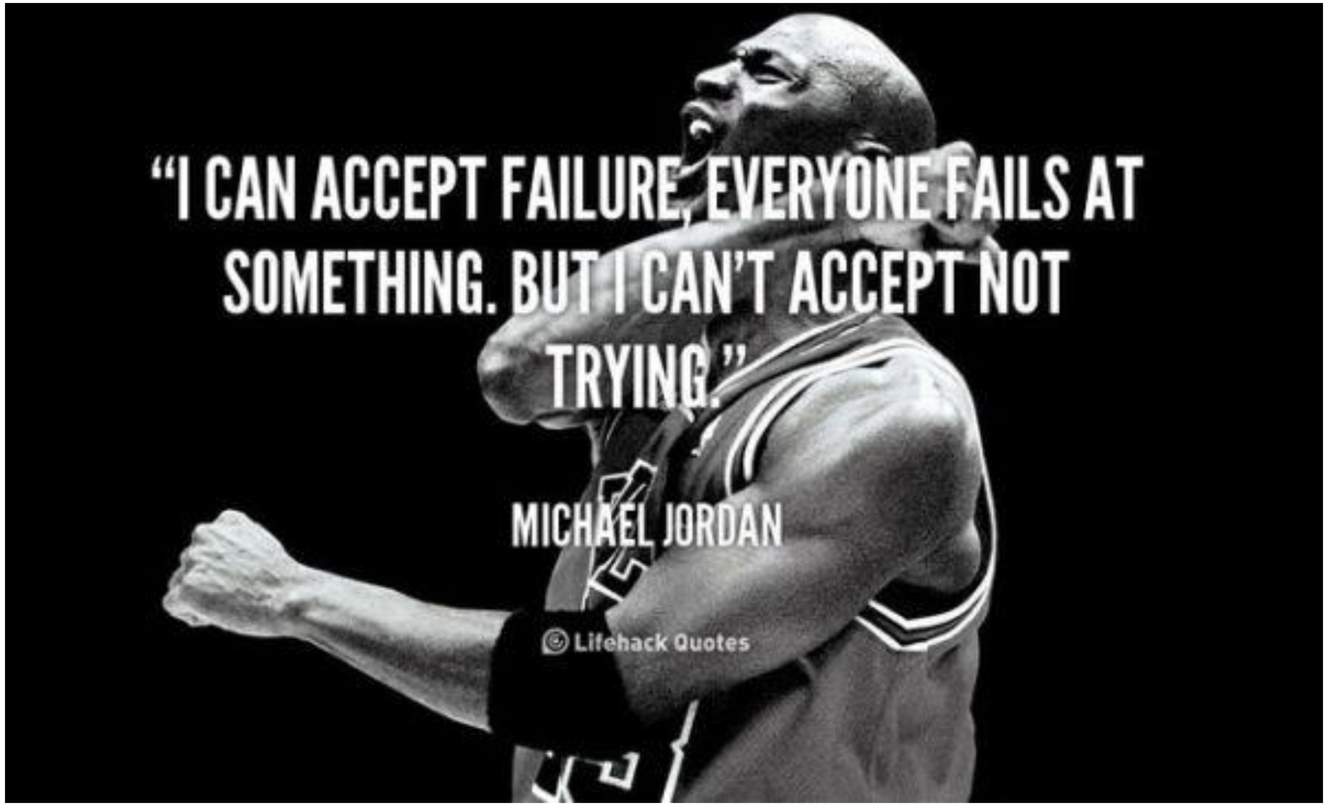
Small processing cause small export per hectare



How to reduce number of mistakes?

Competitiveness concept

Producer level



How I can be competitive? EU have subsidies, technology …? *YES YOU CAN*

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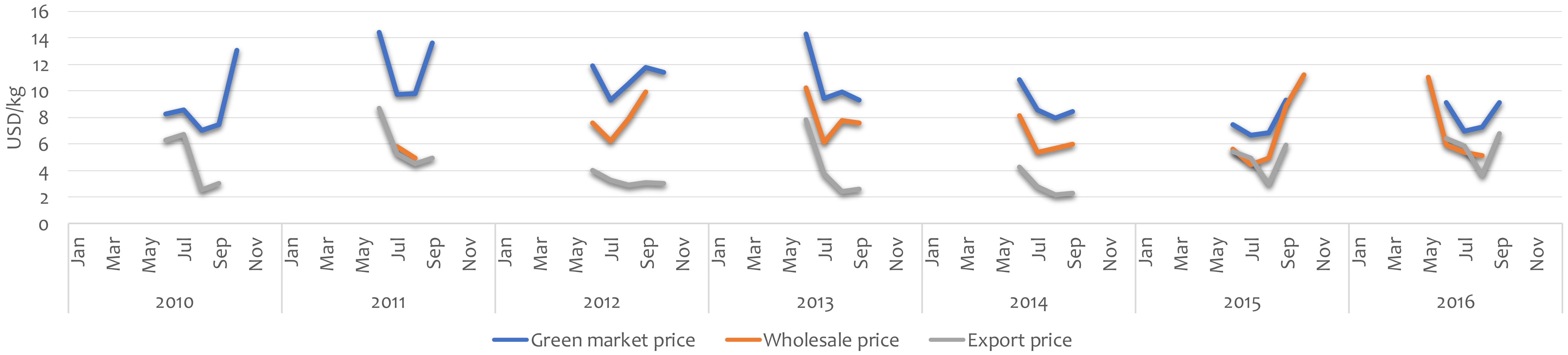
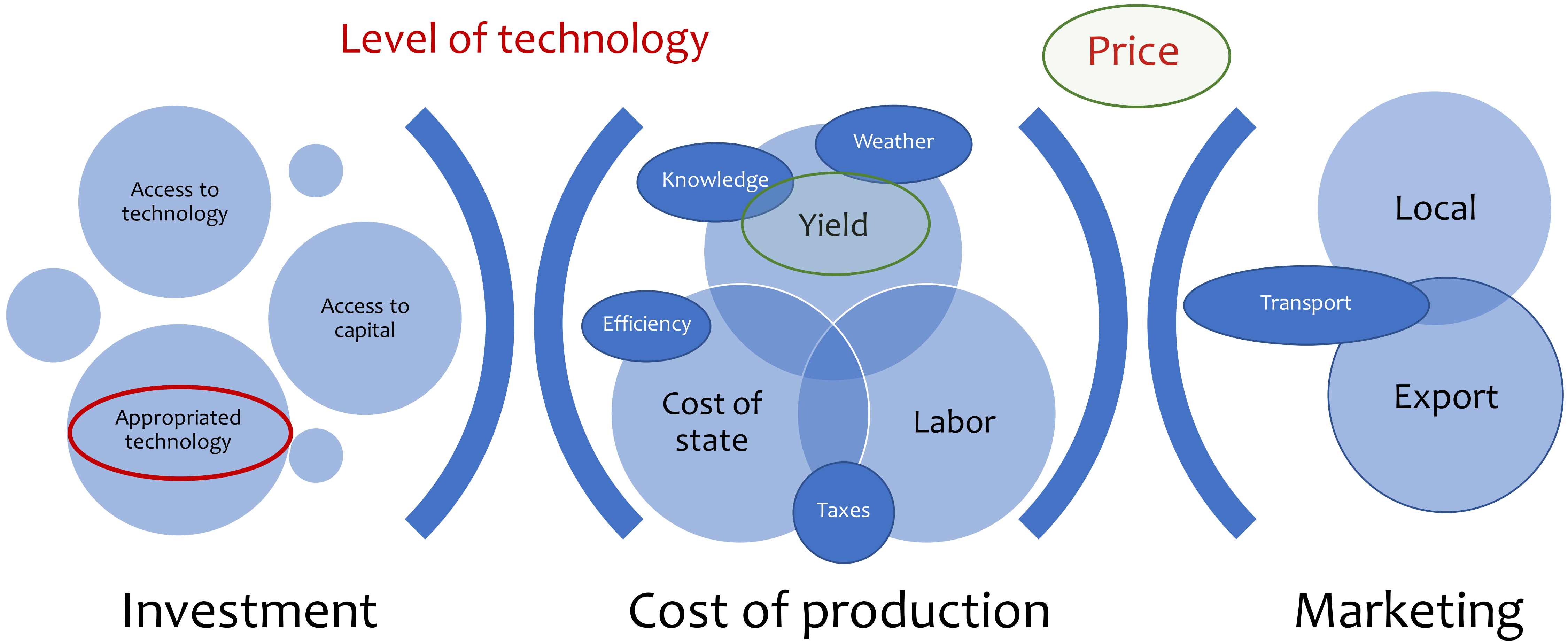
Who is competitive blueberry producer?

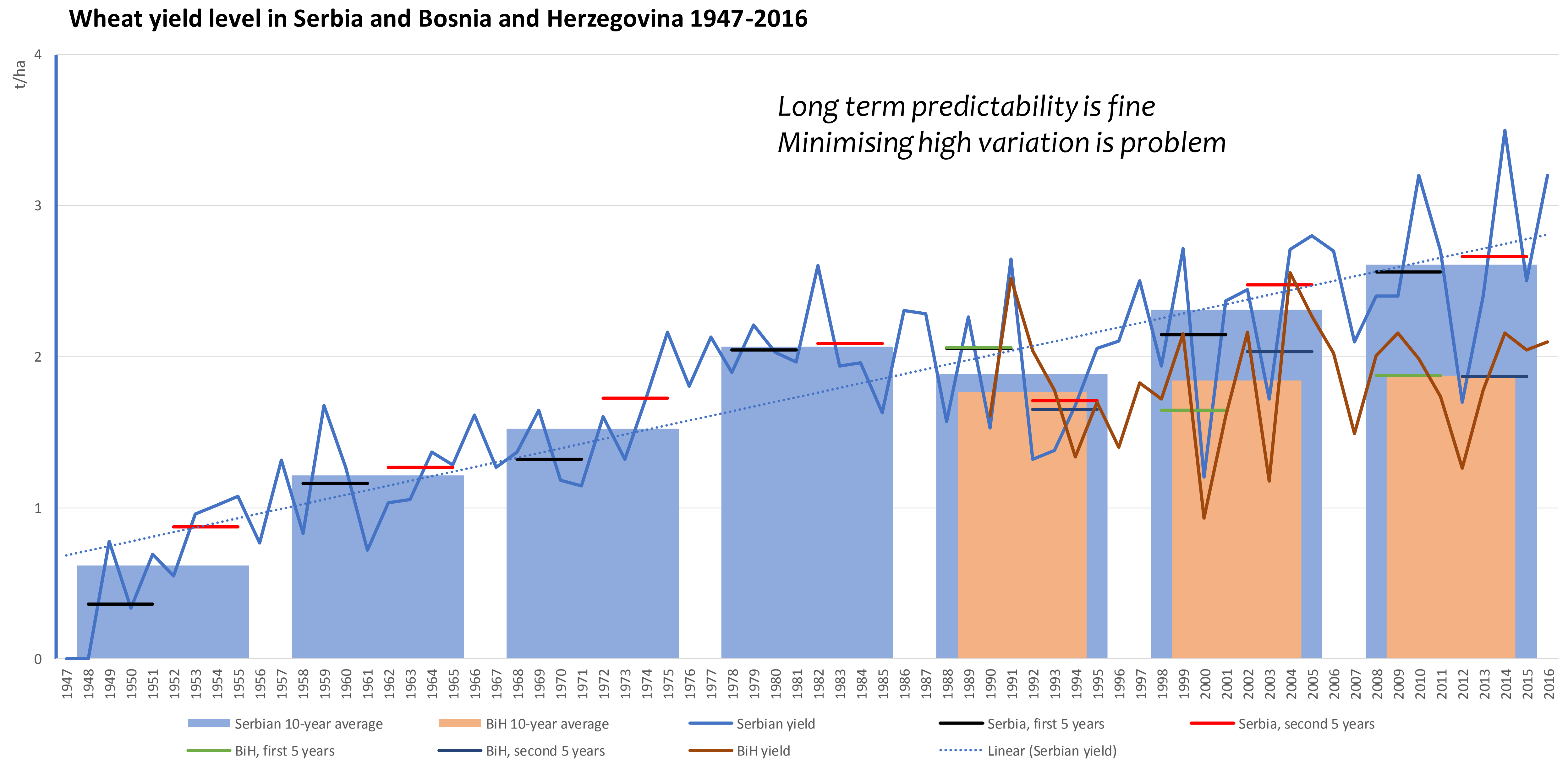
Blueberry prices in Serbia



Main factors that determine competitiveness



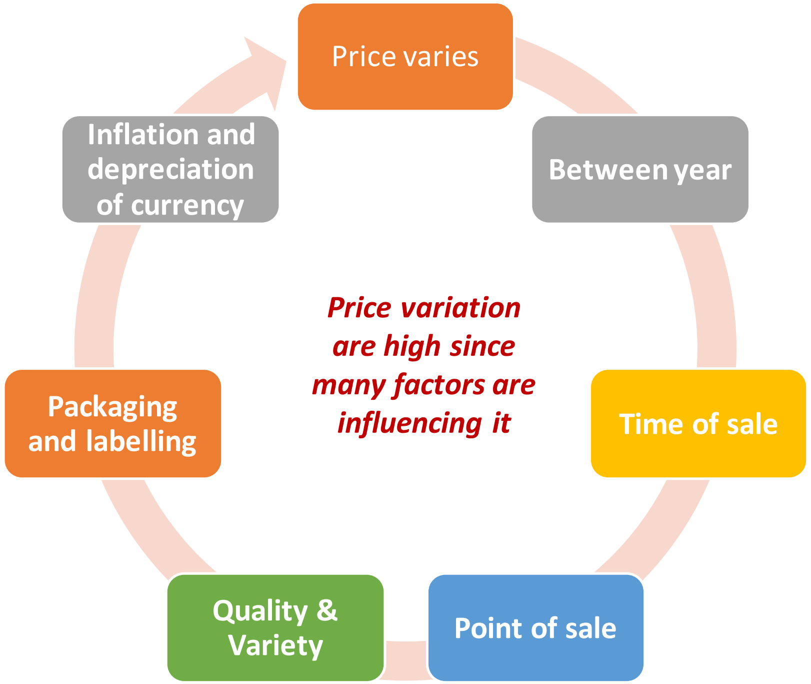
Properly estimating yield level



Knowing prices

There is no one price, (price to specific location at specific market for specific quality (and packaging) proven by specific standard at very specific time

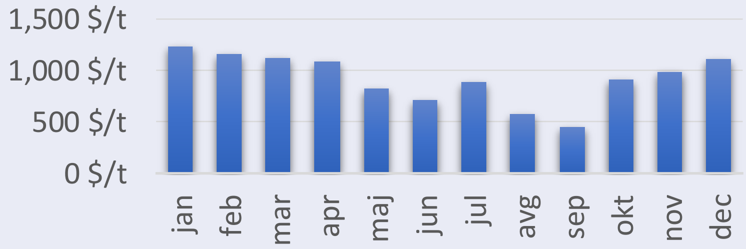
Predictability of prices
- There are many MIS systems and other access to price information
- Today is possible to predict prices to large extend

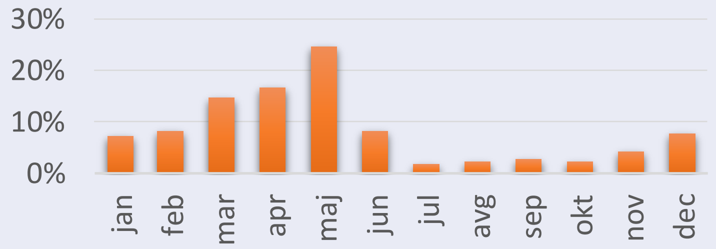


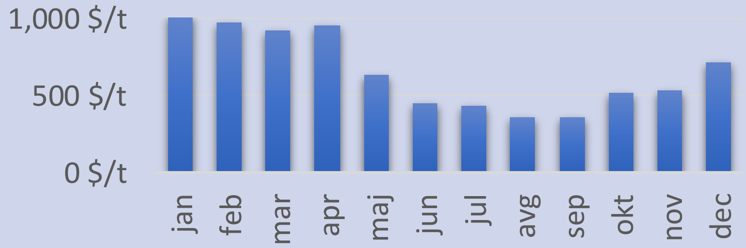
(1) Producers farm gate price,
(2) Wholesale price,
(3) Unite Value export price,
(4) Supermarket purchasing price,
(5) Supermarket selling price,
(6) Unite Value import price,
(7) Green market price …

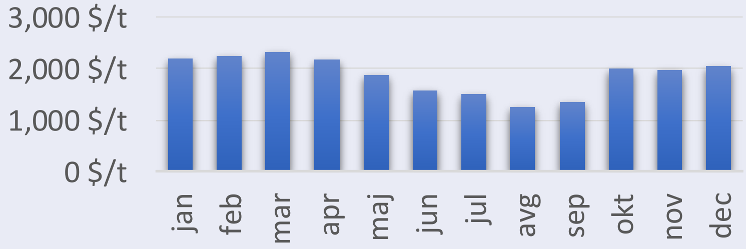
Knowing prices

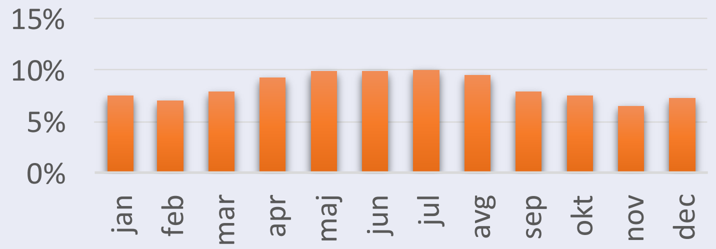
Potential market	Import per month UV 2010 - 14 ($/t) Highest	Lowest	Weighted Average	Monthly imported price	Distribution of import (% of total import per month)
Romania	January 1.229	September 443	971		
Bulgaria	January 1.022	September 357	662		
German (average Munchen and Hannover)	March 2.334	August 1.252	1.851		
Greece (average Solun and Atina)	March 1.591	November 797	996		

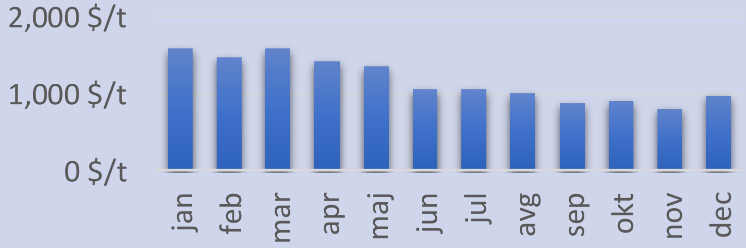


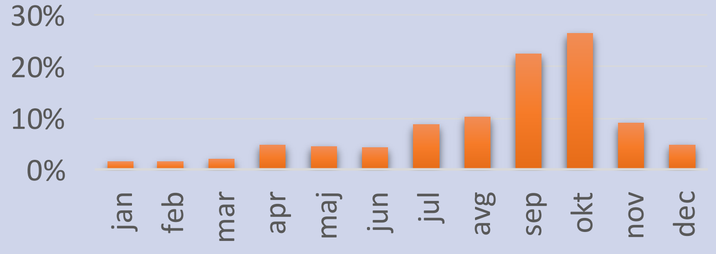






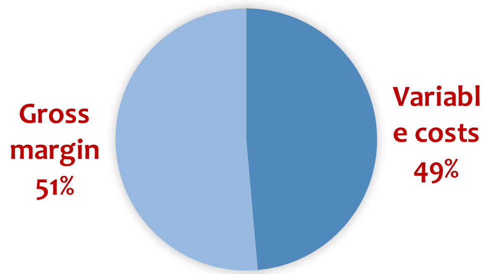


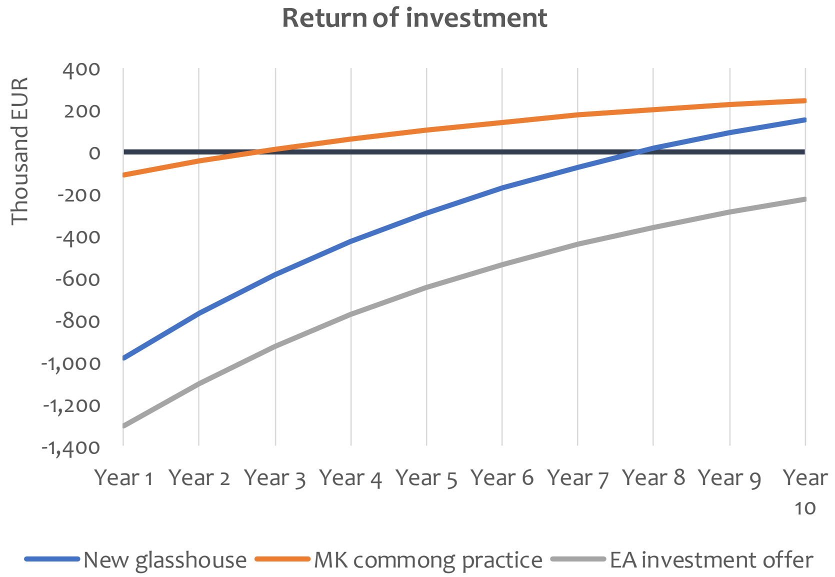


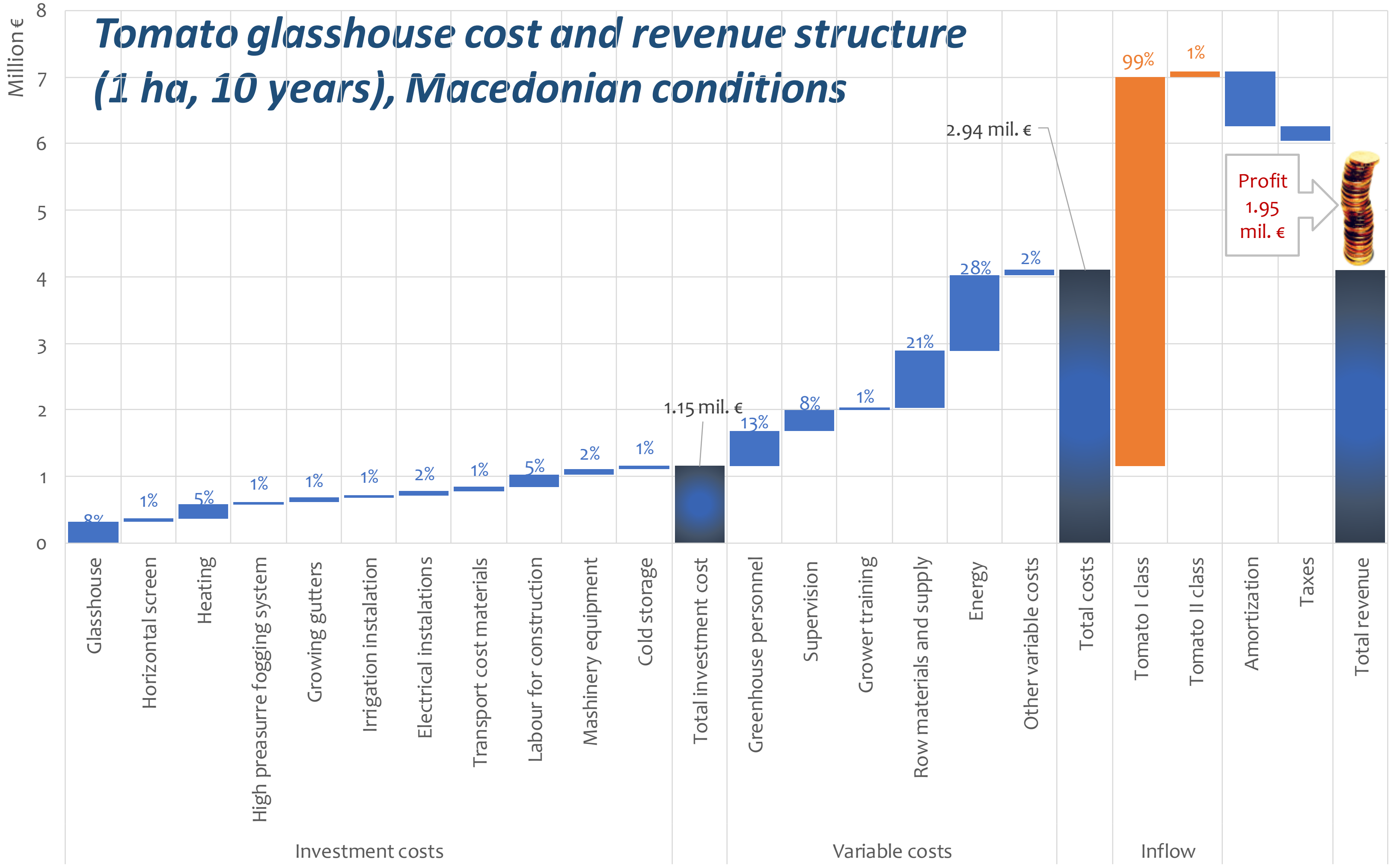


Proper business plan

In proper biasness plan mistakes are very small

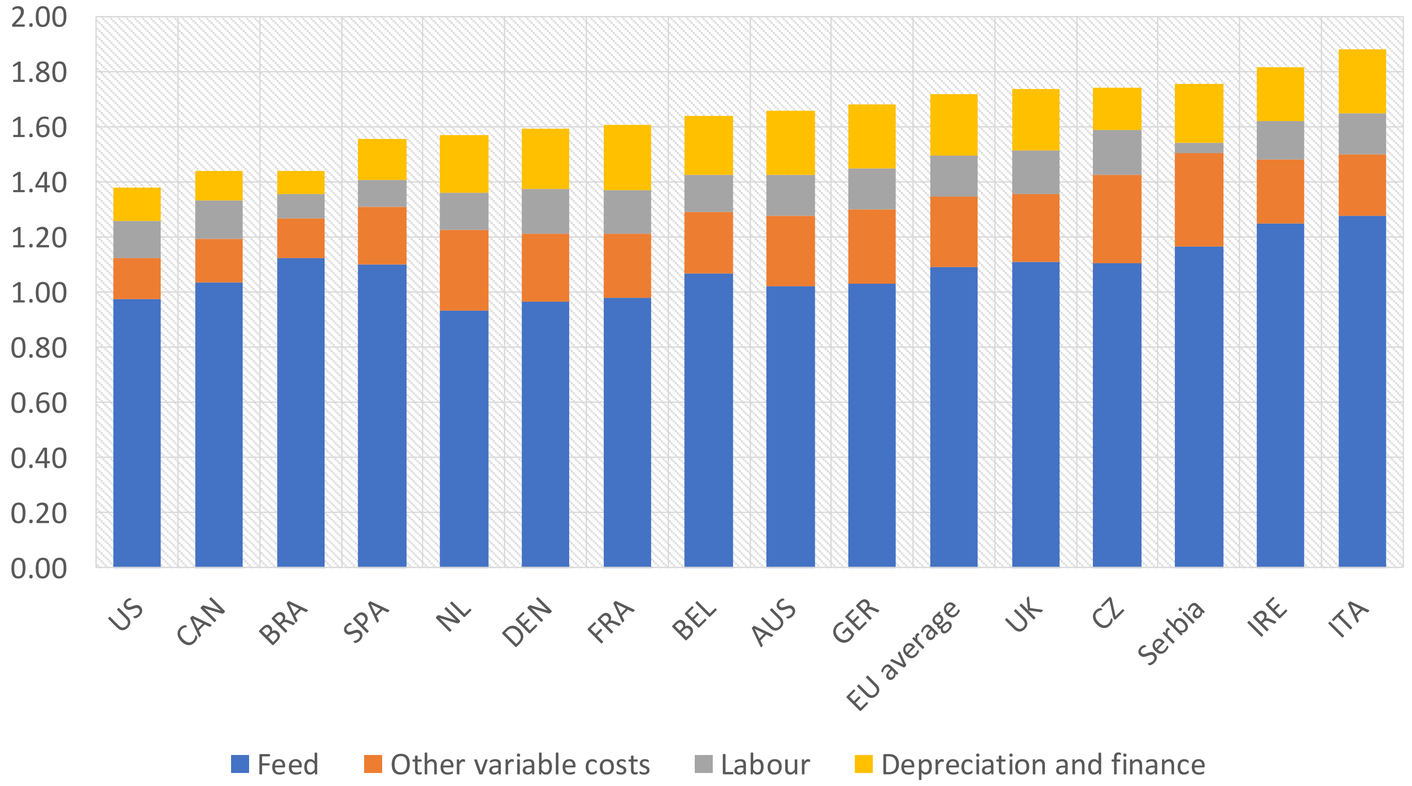




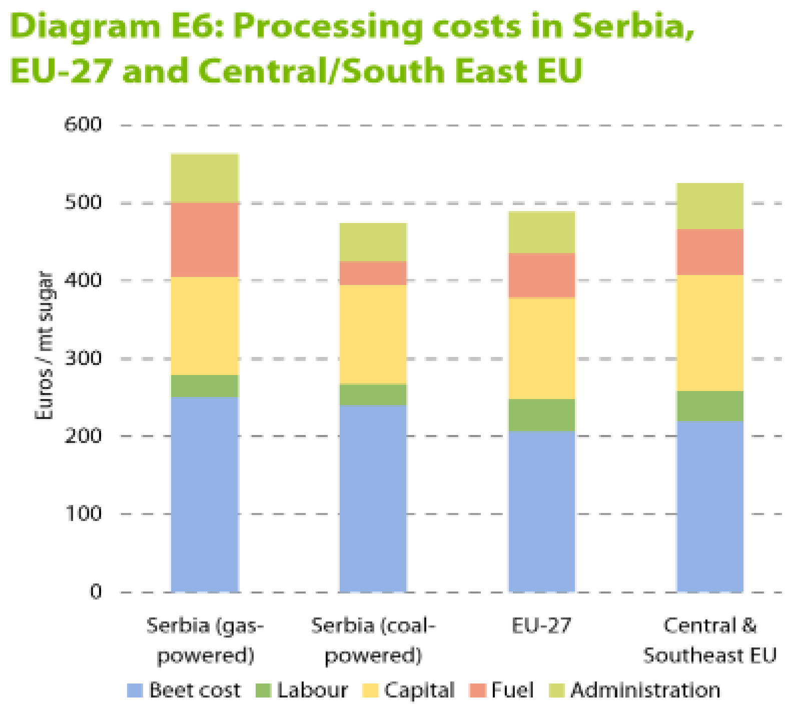


Measuring competitiveness at producer level

Competitivness is possible to measure today theoretically (internally and externally) before even set up production



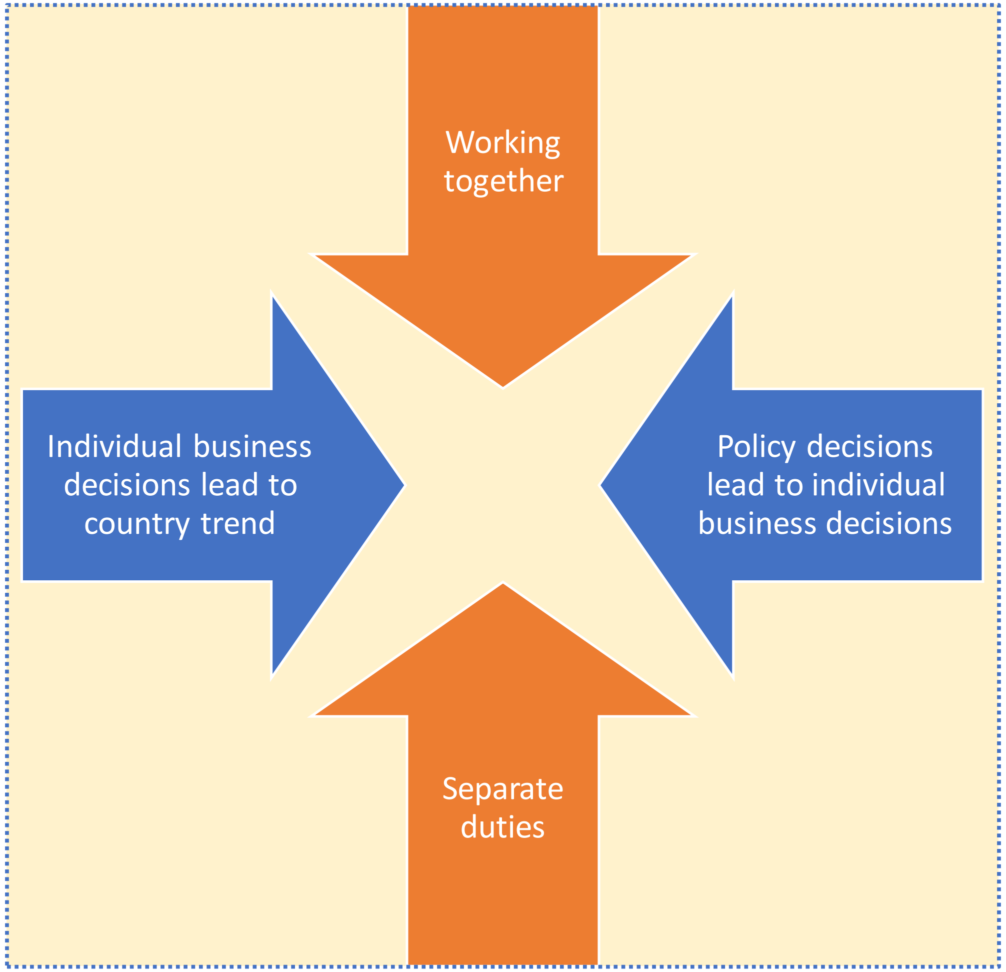
InterPig Model, 2013



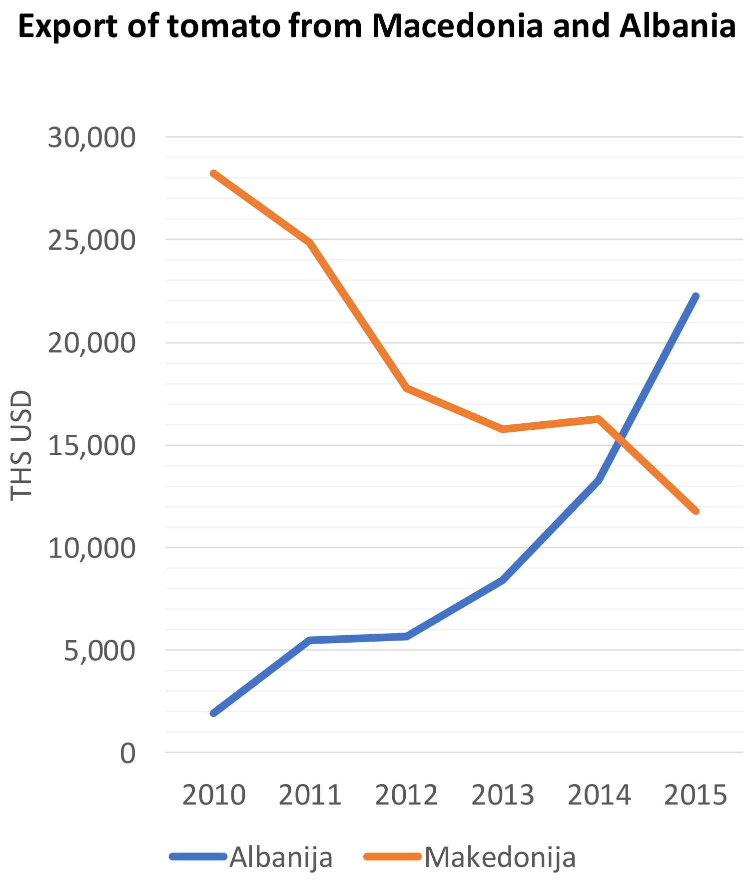
LMC, study of sugar sector in Serbia

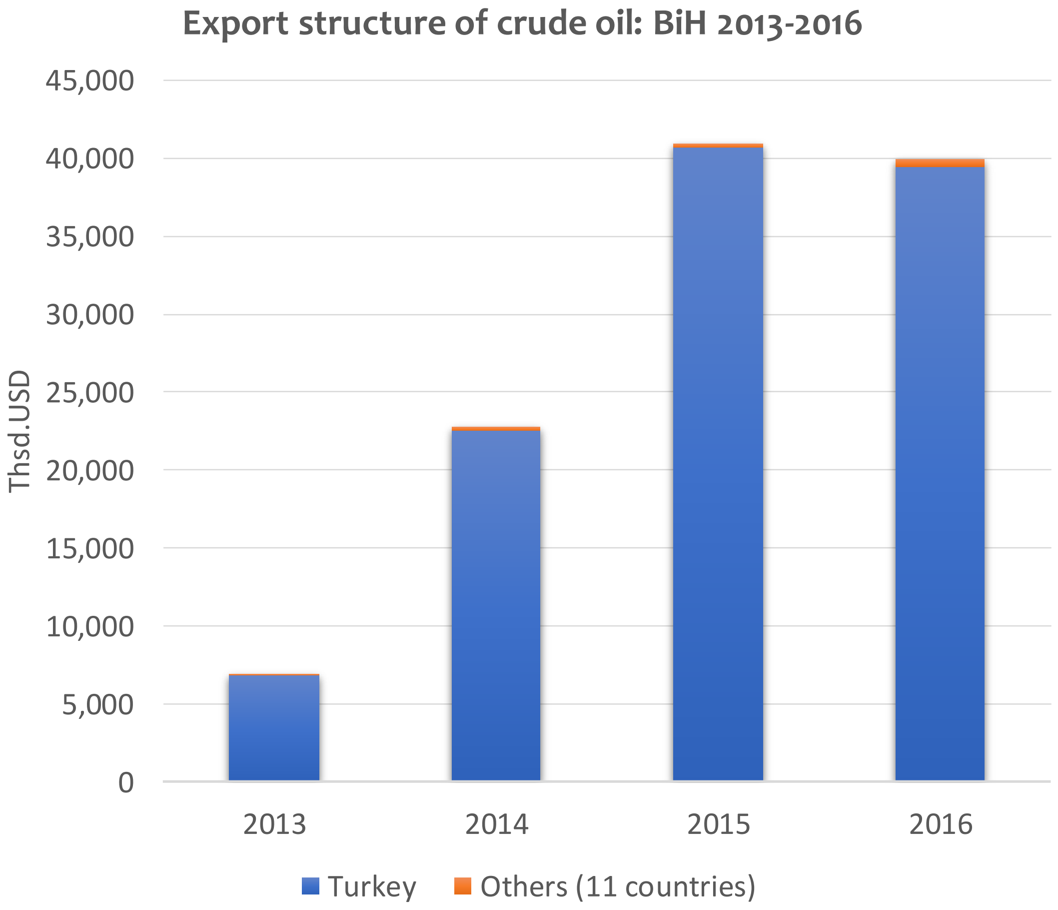
Competitiveness concept

Policy level



Policy influence at competitiveness





Adding 44 million USD of export of refined oil

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Scoring formula for each product follows:

$$m_i = \frac{\left\lfloor \frac{x_i}{n+1} \cdot 5 \right\rfloor + 1}{\sum_{j=1}^{n} \left(\left\lfloor \frac{x_i^j}{n+1} \cdot 5 \right\rfloor + 1 \right)}$$

where m_i is score for the product i; x_i – rank of the product i for the specific criteria; x_i^j – rank of the product i for the criteria j ; n – total number of products in the analysis.

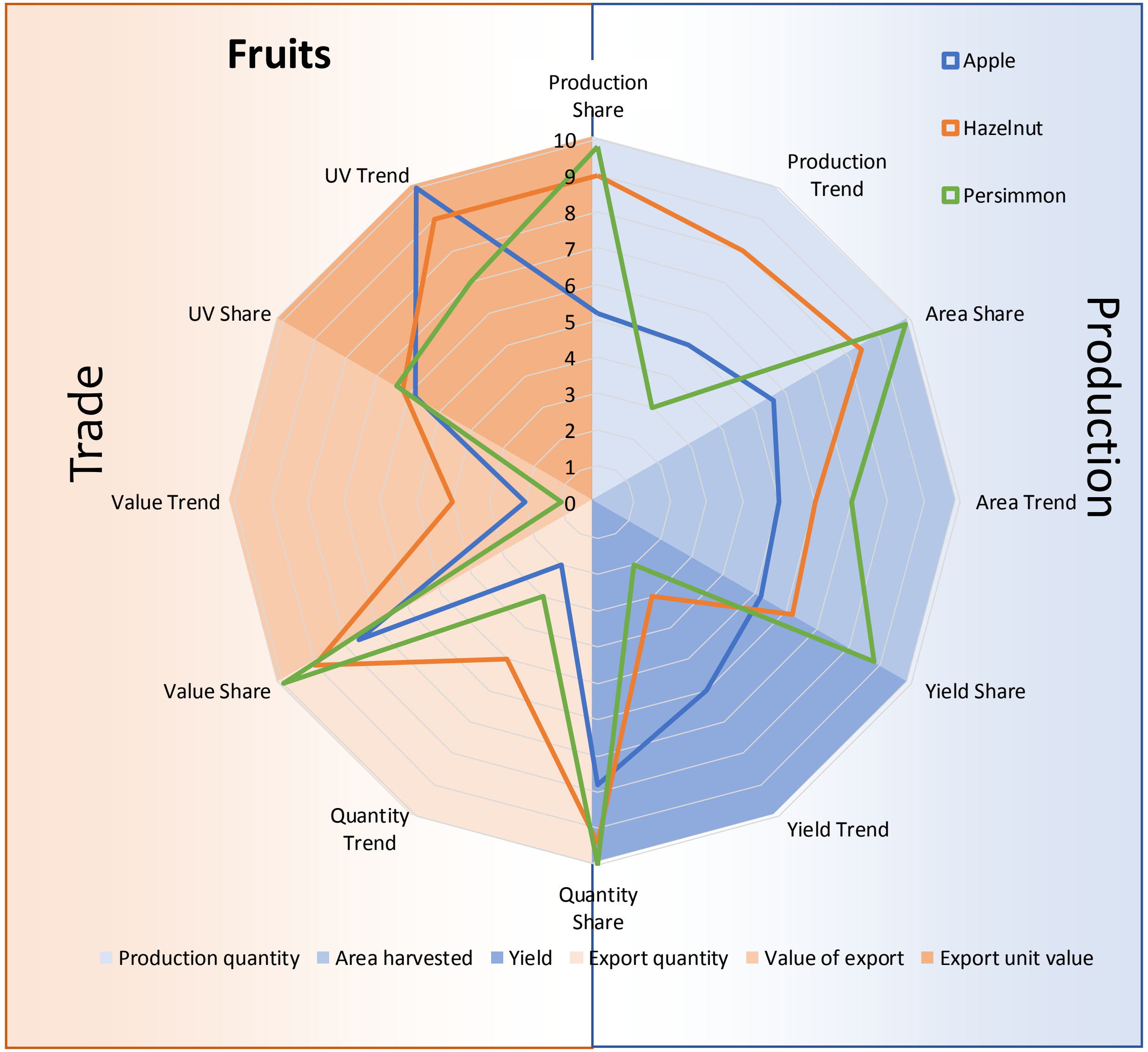
Products are scored 1-10 so the formula determines the tenth of all products in which the products' rank is in for the specific criteria and assigns corresponding score.

Share and trends

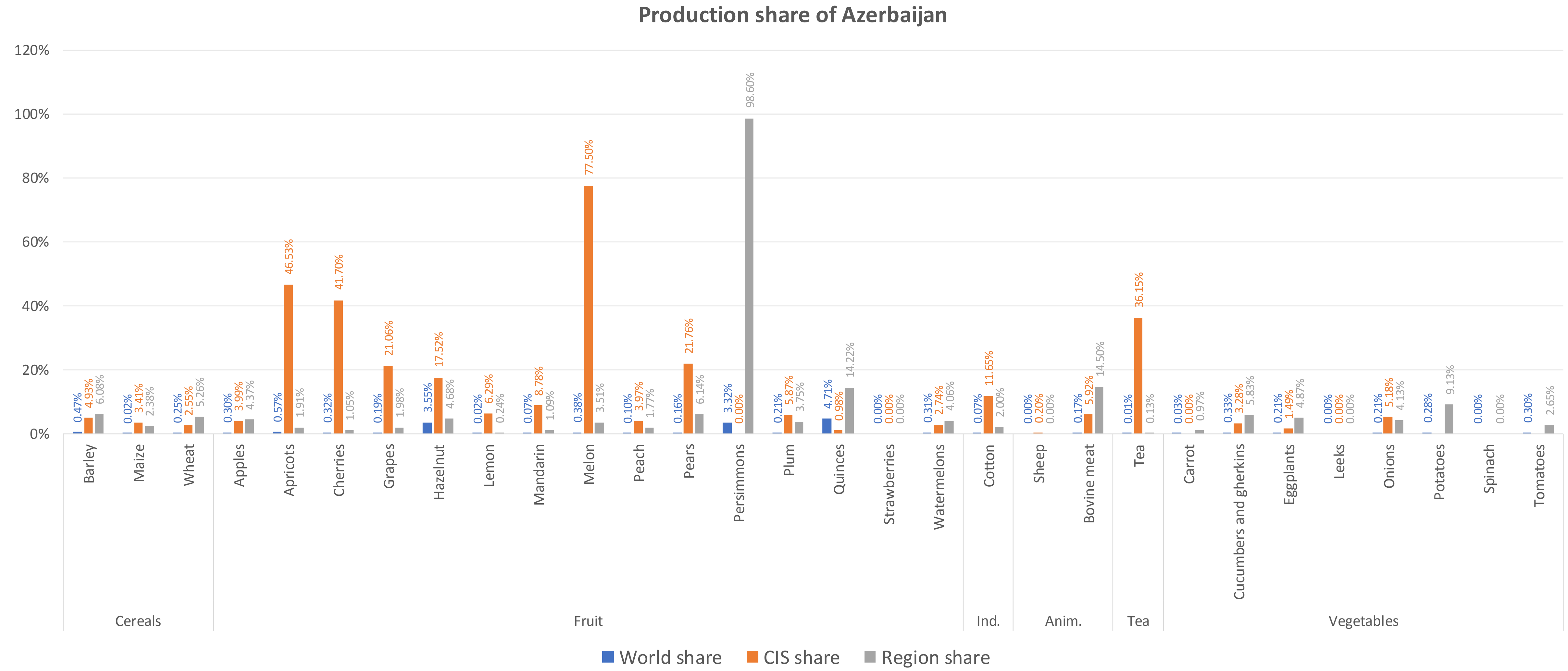
Production, trade, area harvest, export unit value, yield …

More than 30 indicators

Comparing with region (Central Asia, Caucasus, Western Balkan), EU, World



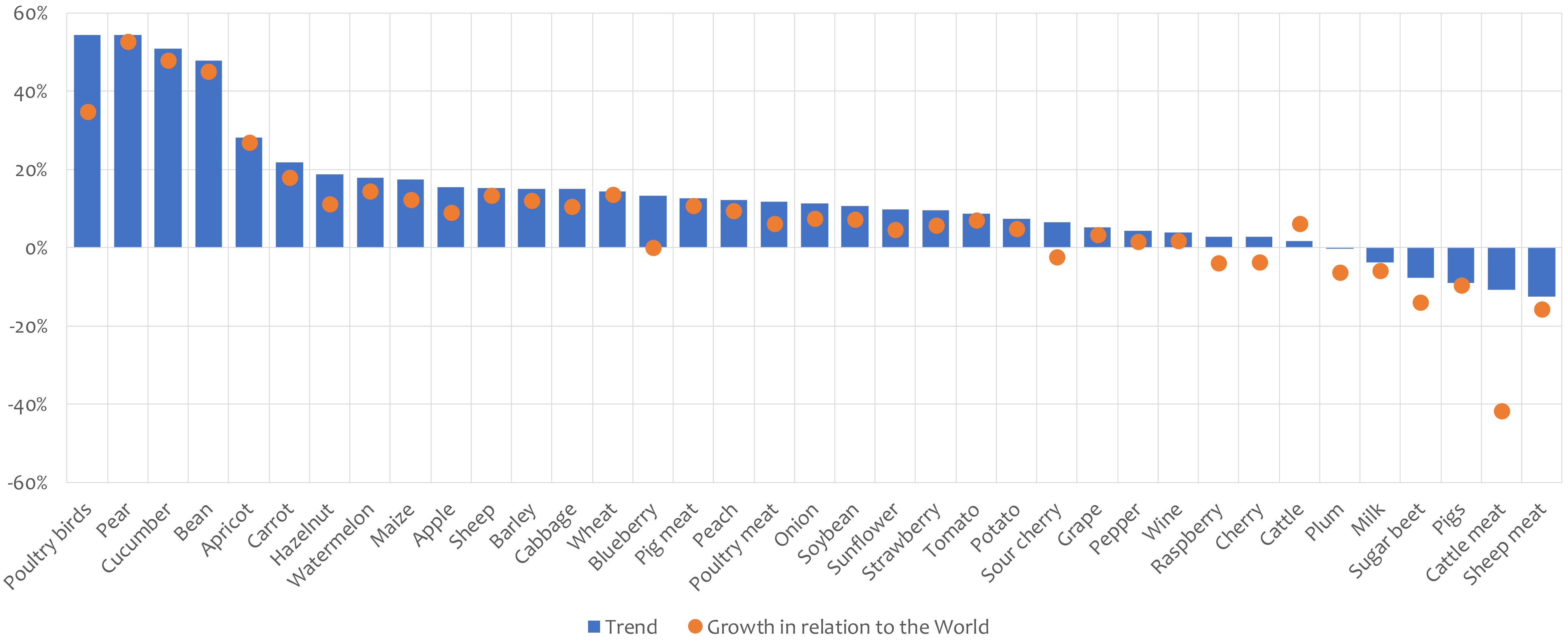
Production share



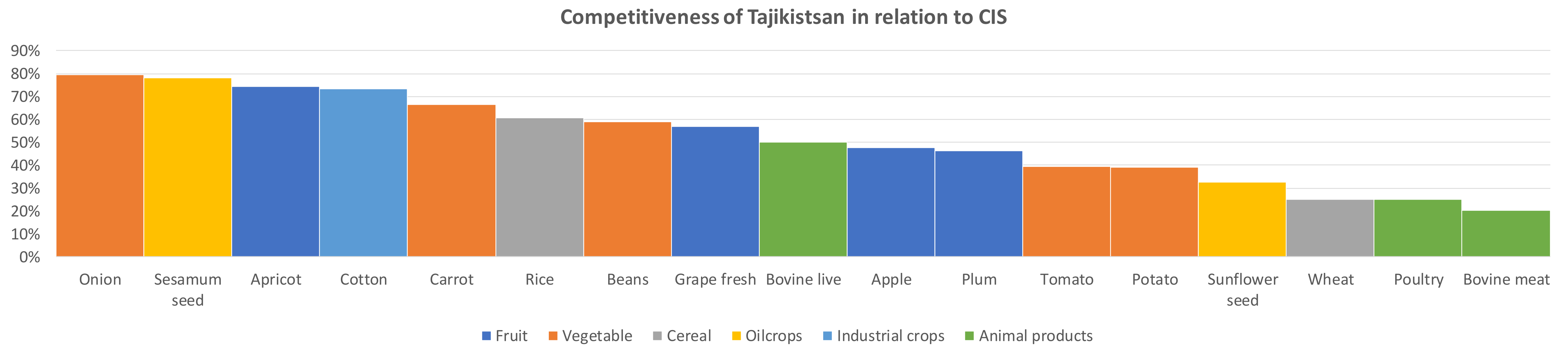
Pomegranate is not taking into consideration since there is no reliable data for many countries

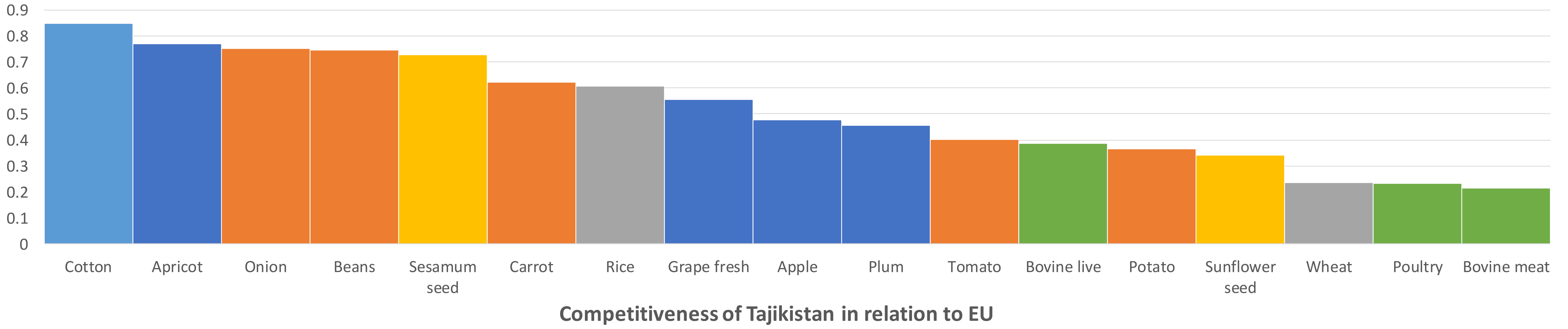
Measuring trend by comparing with others

Export trends by products in Serbia (average 2010-2015)



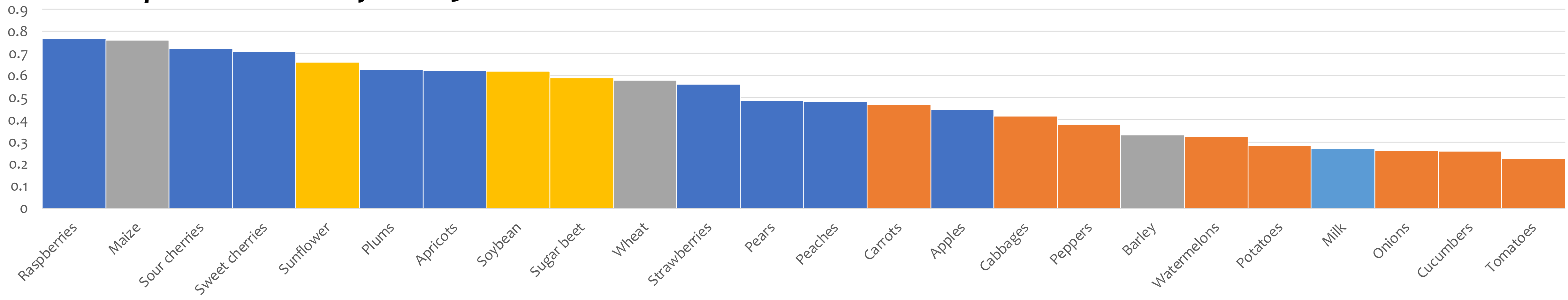
Competitiveness is changing category by area



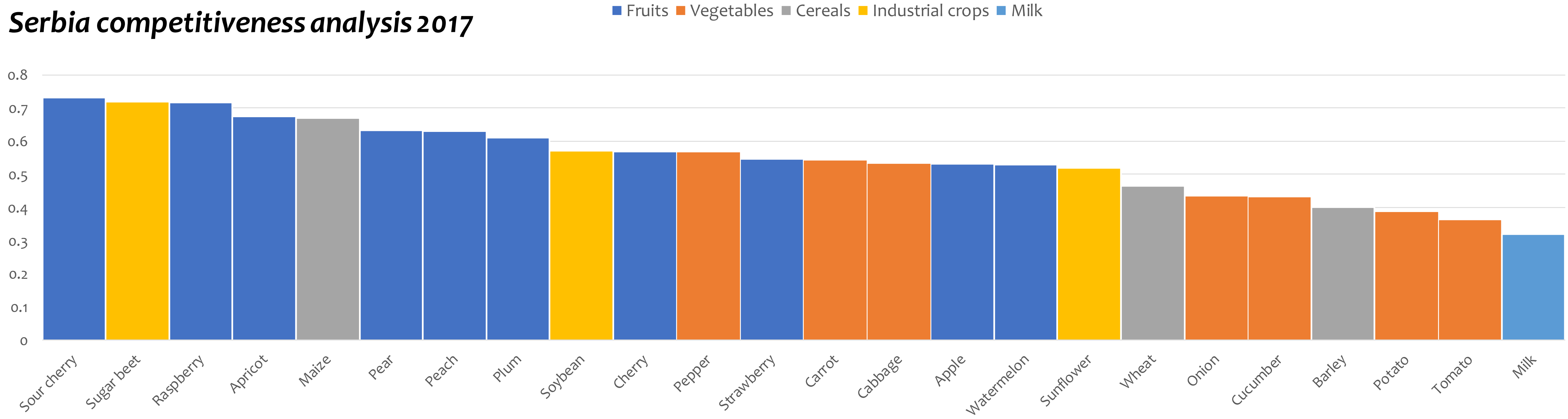


Competitiveness is changing category by time

Serbia competitiveness analysis 2013



Serbia competitiveness analysis 2017



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Price and Quility Competitiveness

Product Competitiveness – quality and price competition case of Georgia

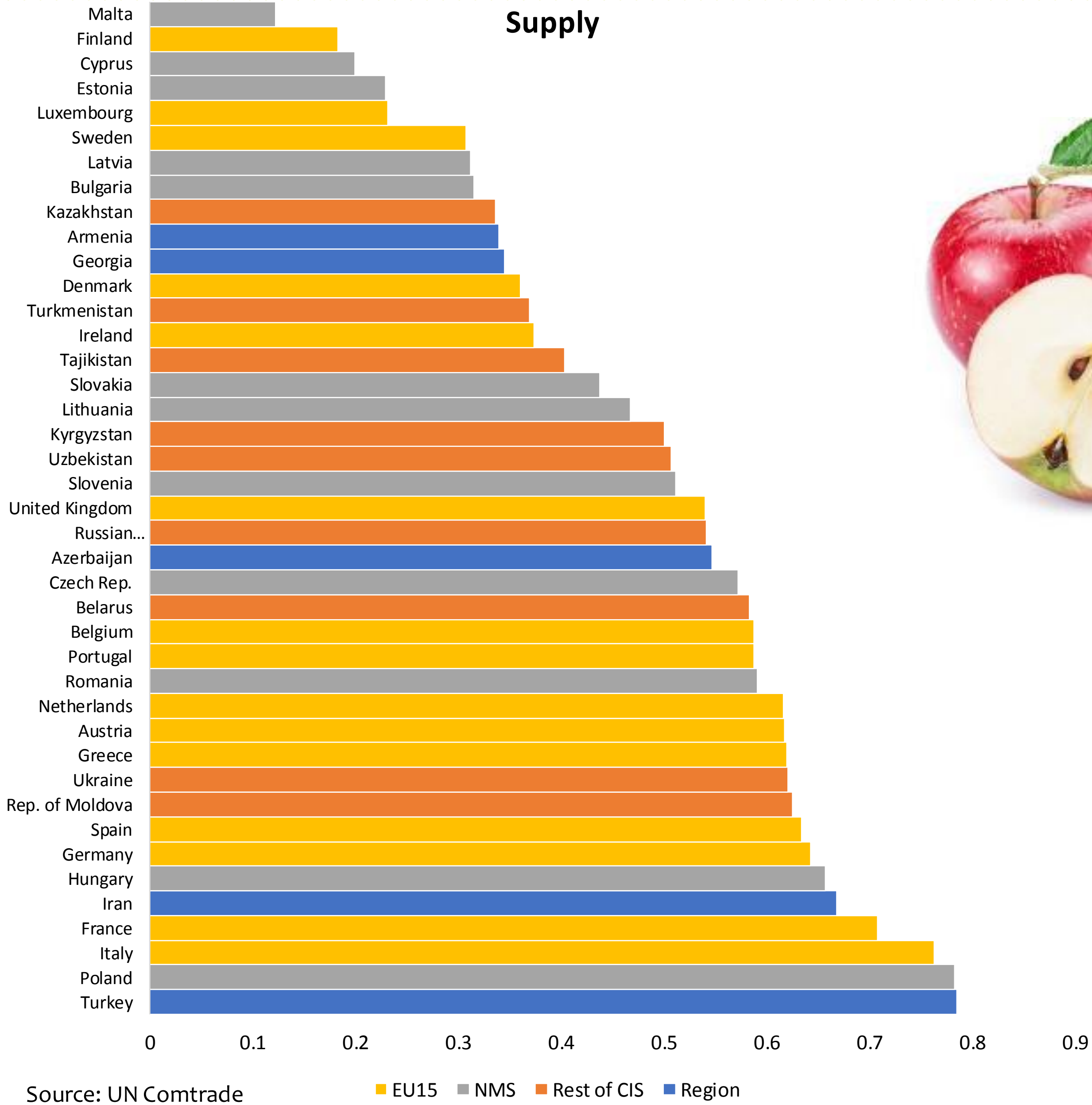
	Number of years (2005-2014)				Domination (2010-2014)
	SPC	DPC	SQC	SPA	
Milk	0	9	0	1	DPC
Maize	0	7	1	2	DPC
Potatoes	1	5	2	2	DPC
Grapes	0	1	1	8	SPA
Mandarins	5	0	5	0	SPC
Wheat	0	7	1	2	DPC
Tomatoes	1	4	0	5	DPC
Apples	5	5	0	0	DPC
Watermelons	0	3	7	0	DPC
Hazelnuts	4	0	6	0	SPC
Barley	0	4	6	0	DPC
Cucumbers	0	3	6	1	DPC
Eggs	2	4	0	4	DPC
Cabbages	4	2	0	4	SPA

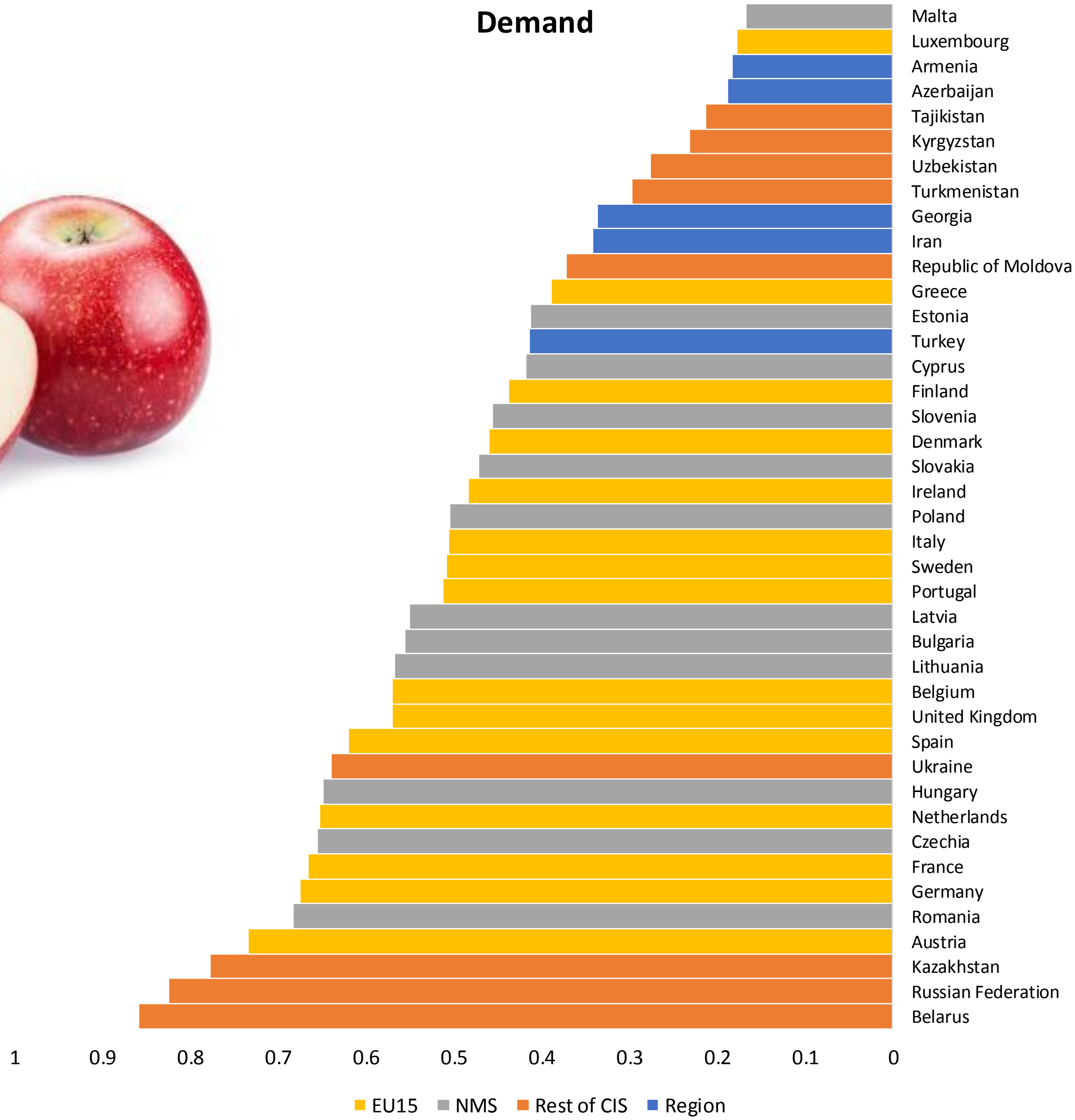
	Number of years (2005-2014)				Domination (2010-2014)
	SPC	DPC	SQC	SPA	
Peaches	6	0	4	0	SQC
Cattle meat	0	5	2	3	SPA
Pears	2	1	4	3	SPA
Onions	0	0	9	1	SPA
Pig meat	0	5	0	5	SPA
Walnuts	1	7	2	0	DPC
Beans	0	4	6	0	DPC
Poultry meat	0	4	0	6	SPA
Sunflower seed	0	9	0	1	DPC
Carrots	0	1	2	7	SPA
Plums	6	1	2	1	SPC
Garlic	0	3	4	3	DPC
Eggplants	0	3	4	3	SPA
Cherries	2	0	8	0	SPC
Peppers	0	4	4	2	DPC
Sheep/Goat	4	0	4	2	SPC

Acronyms:
SPC- successful price competition
DPC - deficit in price competitiveness
SQC - successful quality competition
SPA - structural problem area (trade deficit despite low prices)

Half of the products have deficit in price competitiveness, trade deficit with high export prices. ***Four products are successful in price competition (hazelnuts, plums, cherries and sheep and goat meat),*** *while only* ***two are successful in quality competition in last five years (mandarins and peaches).*** *Other products, mostly vegetables and meat, have structural problem which means that they have trade deficit despite low prices.*

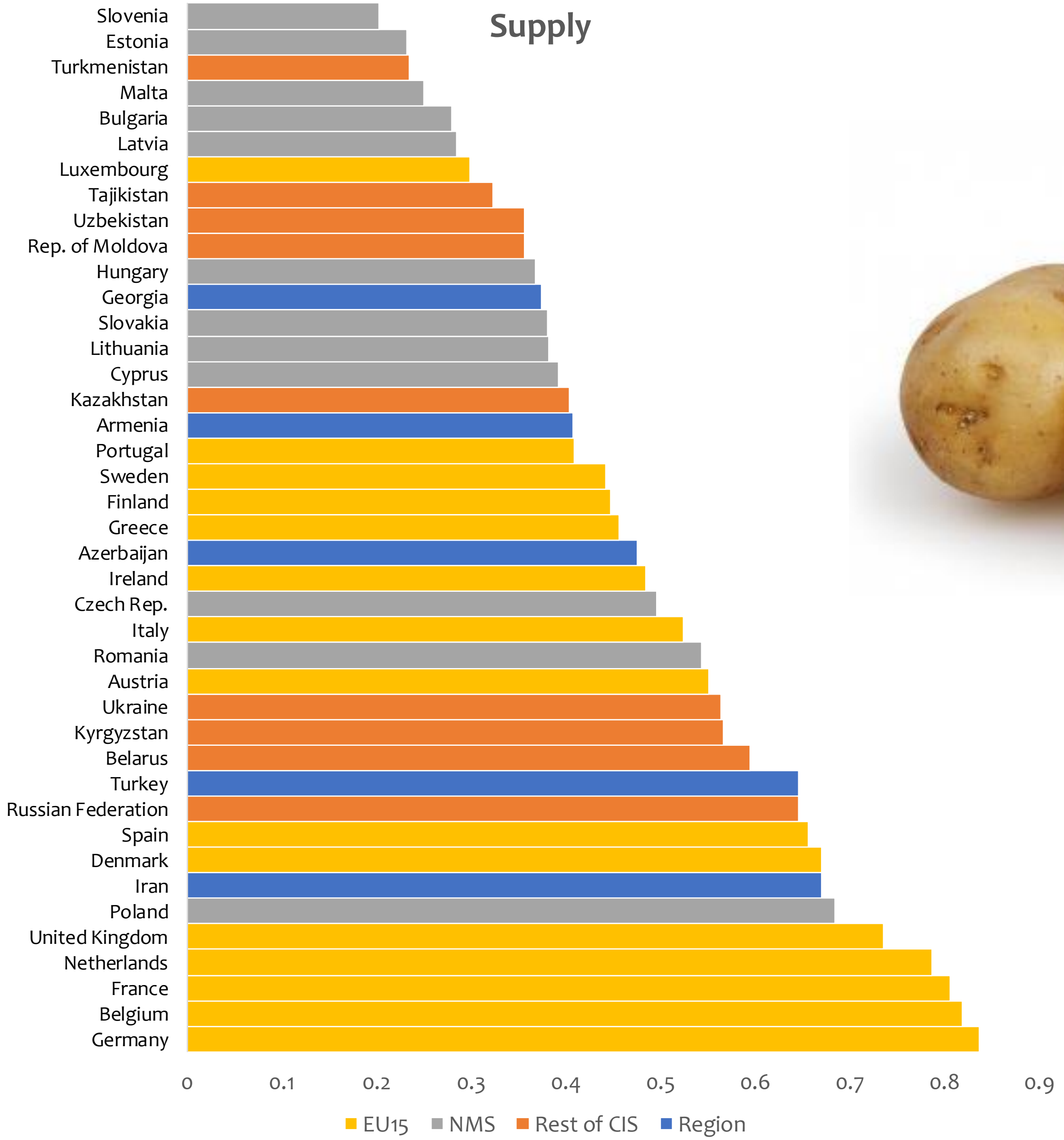
Product Competitiveness and Demand

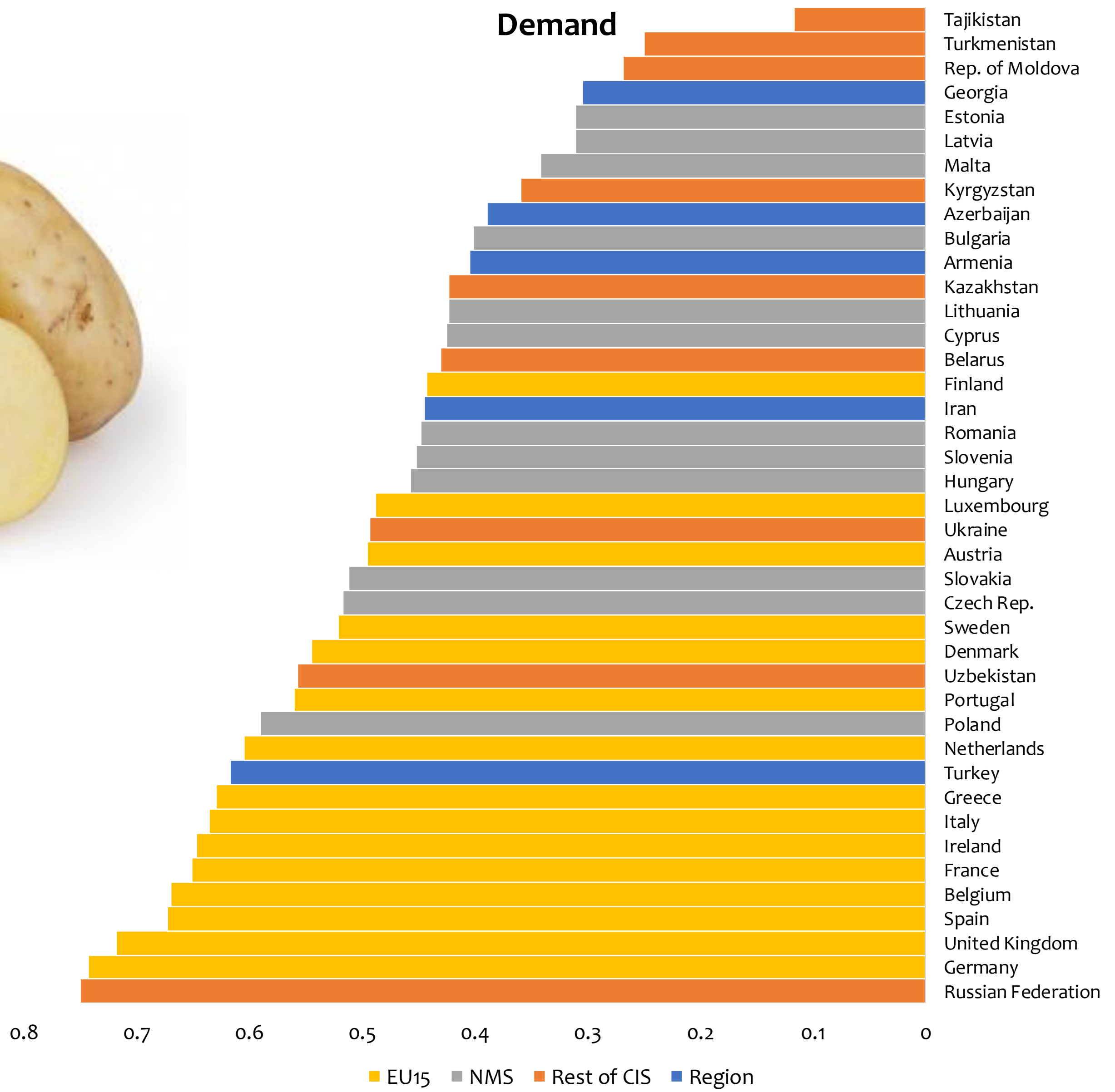




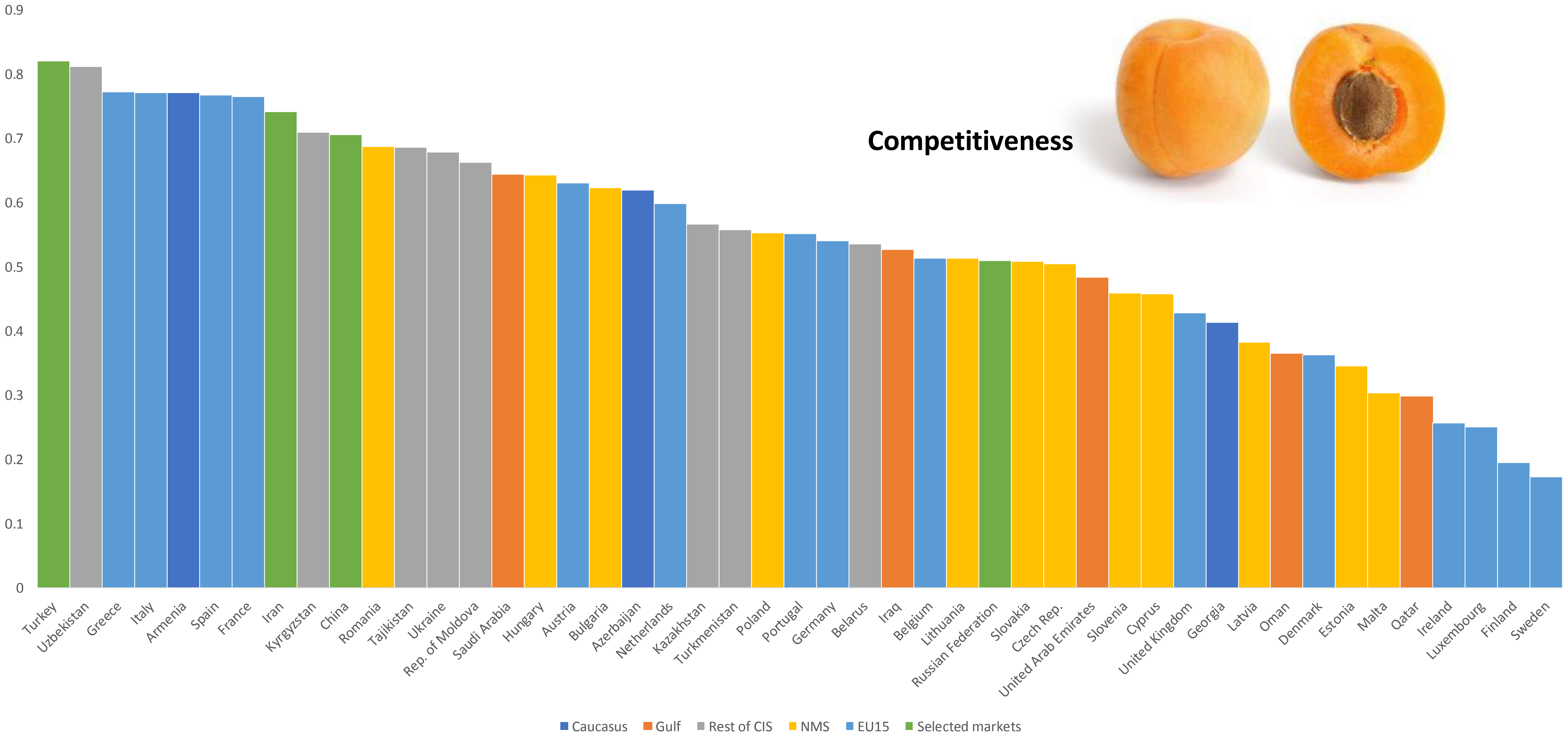
Source: UN Comtrade

Product Competitiveness and Demand





Product Competitiveness and Demand



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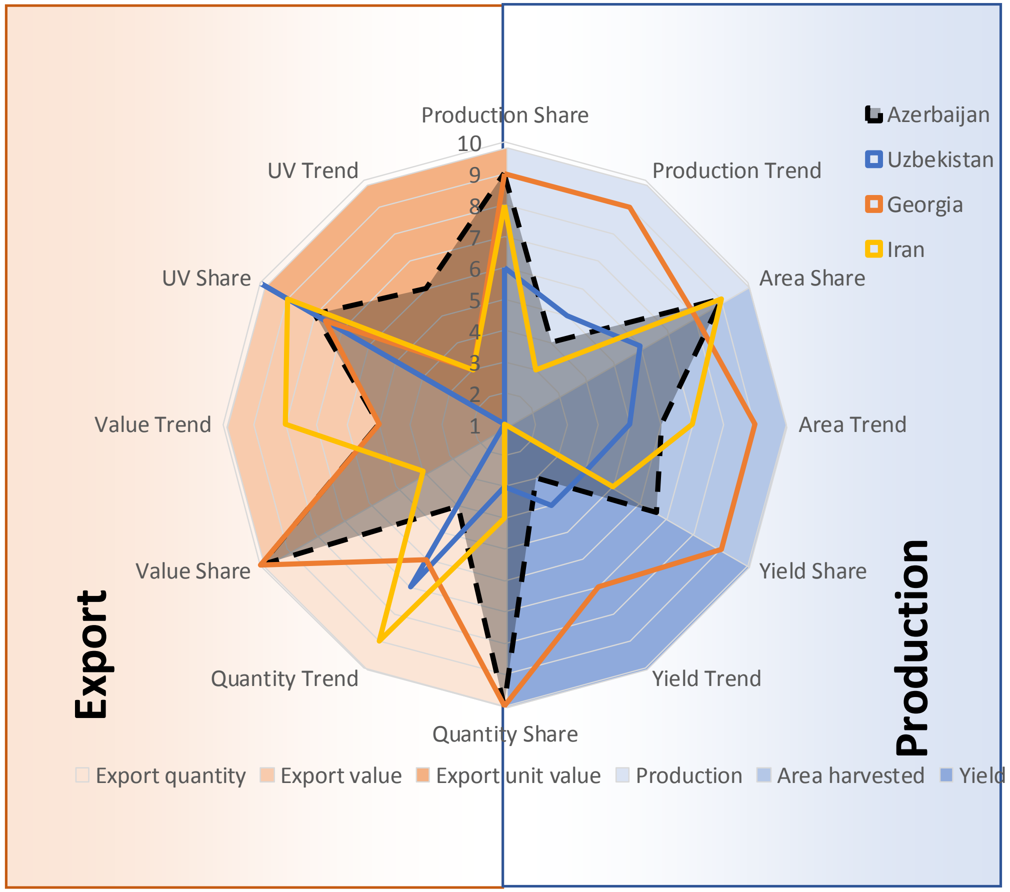
- ***Know where you are***
- Identify ***drivers*** for growth and ***gaps*** in the value chain
- Prepare technological cards
- Make analysis which will show where is the expected highest ***RoI*** / which technology level
- ….

Hezelnut compatitivness comparsion



Implement properly regardless are you entrepreneur or policy maker